

GREEN MOUNTAIN POWER 2009 SUSTAINABILITY REPORT **Report Dated September 2010**

Table of Contents

INTRODUCTION	page 1
SECTION 1: PERFORMANCE OVERVIEW & CEO LETTER	page 2
SECTION 2: MATERIAL ISSUES	page 9
SECTION 3: OUR POWER PROFILE	page 19
SECTION 4: RESOURCE USE AND OPERATIONS	page 30
SECTION 5: EMPLOYEES	page 40
SECTION 6: CUSTOMERS AND COMMUNITY	page 45
SECTION 7: FINANCIAL DATA	page 50
SECTION 8: COMPANY FACTS & FIGURES	page 54
SECTION 9: GLOBAL REPORTING INITIATIVE (GRI) SUMMARY	page 60
GRI Reference Table	page 63

INTRODUCTION

Welcome to Green Mountain Power's 2009 Sustainability Report On-Line. Click on each link to access different parts of this year's report. For a quick overview, check out our [Performance Overview](#), which includes a letter from our CEO, Mary Powell, as well as a run-down of some key sustainability performance indicators and metrics. Our report offers an in-depth discussion of the issues that are most important to our stakeholders (see [Our Material Issues](#)). Green Mountain Power intends to be a sustainability leader in the utility sector through on-going improvements in key sustainability goal measurements. Throughout this report we address targets, goals, obstacles, challenges and overall business strategy. This year's report is an update of the 2008 report only – we have updated quantitative data and included important performance highlights from 2009, but we have not altered the basic content or structure of the report.

Green Mountain Power transmits, distributes, and sells electricity and utility construction services to 94,000 customers in the State of Vermont. In April 2007, we merged with Northern New England Energy Corporation, a wholly-owned subsidiary of Gaz Métro, a leading Quebec energy company with a long history of investment in Vermont. However, we continue as a locally-run company that is regulated by the state of Vermont. For more company information, see the [Company Facts & Figures](#) section of our Sustainability Report.

Our report uses the Global Reporting Initiative (GRI) G3 Guidelines, as well as many of GRI's Electric Utility indicators. Please note that throughout our Report we reference the GRI Standard Disclosures (SD) and Indicators that we have addressed. In some instances, the indicator is listed after the information that addresses it.

We hope that our commitment to sustainability is reflected in this report through its accurate information, transparency, consideration of stakeholder concerns, and reliance on the GRI guidelines. We welcome and encourage your feedback on this report. For more information, please contact: Dorothy Schnure, Manager of Corporate Communications, Green Mountain Power, Colchester, VT. 802-655-8418 or schnure@greenmountainpower.com. Or, fill out a Sustainability Report Feedback Form [here](#).

SECTION 1: PERFORMANCE OVERVIEW & CEO LETTER

Letter from Mary Powell, President & CEO

Welcome to Green Mountain Power's 2009 Sustainability Report. This report documents Green Mountain Power's progress towards sustainability, reports on activities in Fiscal Year 2009 (September 2008-September 2009), and includes some developments in 2010. This report represents an update of last year's report. It includes updated quantitative data and important performance highlights, but the basic content and structure of the report is the same.

Green Mountain Power transmits, distributes, and sells electricity and utility construction services to 94,000 Vermont customers. At Green Mountain Power, we believe that we have a responsibility to contribute in meaningful ways to the economic health of Vermont, we do this by protecting and enhancing the environmental and social qualities of life in the communities we serve. In this way, pursuing sustainability is highly relevant to our overall business strategy and the way we run our Company.

My focus will be on our own triple bottom line of cost, carbon, and reliability. There are many challenges associated with balancing these three elements, including the recent economic downturn that has affected many aspects of our operation, including investments in renewable energy projects. Another big challenge is the effective replacement of our Hydro-Québec and Vermont Yankee contracts, which are due to expire in the next several years. Our power profile in 2009 was dominated by hydro (48.8%) and nuclear (41.9%), and supplemented by market purchases (5%), biomass (3.3%), wind (0.1%), and oil/natural gas (0.9%). Our energy vision is to create a portfolio that is low carbon, low cost and reliable. Our current low carbon profile is primarily due to our two largest contracts, with Hydro- Québec and Vermont Yankee, as well as in-state renewables. Our energy and climate strategy is based on the development of a smart, green transmission grid that taps into in-state renewable energy projects, including wind and solar. In particular, we know that in the long-term, renewable energy means less price volatility and more financial benefit to our customers. However, we are cognizant that considering today's economic climate and limited access to capital presents challenges for renewable energy development.

One tangible example of our commitment to renewable energy is our goal to help install 10,000 solar panels in 1,000 days, both by building it ourselves and by offering customers financial incentives and providing information on a new website www.choose2goSolar. In early 2009, we completed a 58 kW array for our new Westminster service center, providing nearly 80 percent of the building's electricity needs, and we have a 4 kW array in Colchester to power two plug-in hybrids. We have also given grants to Hannaford Supermarkets, National Life and Green Mountain Coffee Roasters to support the installation of solar arrays on their buildings. All customers are eligible for *SolarGMP*, which provides financial incentives to install solar generation at homes and businesses. We're excited to help our customers embrace solar generation in a meaningful way, as we believe solar power will play an important role in Vermont's energy future. On May 2010, we had 173 participants in the *SolarGMP* program, more than twice as many participants from just one year ago. As of June 1, 2010, a total of 8,965 solar panels have been installed. We anticipate exceeding our goal of 10,000 panels in 1,000 days once the three solar projects that GMP will build in 2010 are up and running.

Another example of our commitment to meaningful renewable generation is our Kingdom Community Wind project. We are pursuing a new wind farm on a mountain ridge in Lowell, Vermont, with 20-21 wind turbines. The project has the potential to meet the annual electrical needs of approximately 20,000 average Vermont households. A customer survey conducted in fall 2009 found

strong support of GMP's plans to build, own and operate the wind farm. And importantly, the citizens of Lowell indicated their support, with 75 percent of the votes at Town Meeting Day in favor of the project. This new wind farm is consistent with our long-term energy and climate risk strategy.

This annual Sustainability Report, which follows the 2006 Global Reporting Initiative (GRI) guidelines (the “G3” guidelines), describes our commitment to sustainability. We highlight our progress, but also offer a transparent view of opportunities for improvement. This report not only tells the story of our brand but also highlights some recent projects that are really exciting, including our commitment to renewable energy, our plug-in hybrids, a new high-performing Westminster service center, and new prospects for solar, wind and hydro development. I encourage you to review our Key Performance Indicators, where we have identified environmental, social, and financial data that directly relate to our material issues. As part of our sustainable business strategy, we recently determined which issues are most significant to our stakeholders. These “material” issues are:

1. **Vermont’s Energy Future and Reducing Climate Change Risk** – how can our power mix effectively balance low carbon and low cost while maintaining our excellent track record for reliability? How can our energy strategy also minimize our climate change risk? What role does Vermont Yankee play in Vermont’s energy future?
2. **Safety & The Work Force** – how can we ensure that our workers remain safe while providing exemplary service? How can we replace our skilled workforce as they retire?
3. **The Recession** – how can we weather the global economic crisis while still pursuing our energy strategy of investing in new renewable generation? How can we help our limited-income customers maintain reliable electricity service?
4. **Education & Efficiency** – how do we communicate important aspects of our business to our stakeholders, including the reasons to commit to long-term renewable generation and ways to be more energy efficient?

These issues are described in detail in this report. We encourage you to read them, analyze them, and offer us your feedback. We know that our energy vision, energy strategy, and sustainability reporting are only as good as our stakeholder engagement efforts. Recently we launched numerous engagement methods, including telephone surveys, stakeholder meetings, employee engagement sessions, and a Community Energy Fair. Each of these forums allows us to deepen our relationship with stakeholders while also gaining crucial insight into your thoughts on our performance, strategy, and future plans.

As a company that has provided electricity to Vermonters since 1893, Green Mountain Power’s values are closely intertwined with those of Vermont. We appreciate the opportunity to continue to report to you on Green Mountain Power’s progress and challenges in our journey to serve Vermont in an environmentally, socially and economically responsible manner. Thank you!

- Mary Powell, President & CEO, Green Mountain Power

SD 1.1

Key Sustainability Performance Indicators

We have selected key sustainability performance metrics based on our material issues and on our core company values (i.e., reliability, customer service, premier employer). The “sustainability faces” symbolize whether our performance in 2009 was an improvement (☺), a challenge (☹), or maintaining the status quo (☺). Please note that we began using our fiscal year (September through September) for

our Sustainability Report starting with our 2008 Sustainability Report, so there may be overlap between the 2007 and FY2008 numbers in the table below.

Key Performance Metric	CY 2006	CY 2007	FY2008	FY 2009	Lessons Learned	Future Plans
Reliability						
System Average Interruption Frequency Index (SAIFI) <i>Relevant Benchmark:</i> Regulators Agreed-Upon Service Quality Standard for SAIFI: ≤ 2.1 (average times a year).	1.8	1.38	1.61	1.62 ☺	This is largely consistent with past history, and we are still outperforming service quality requirements.	Despite the increase from last year, we are still meeting our benchmark. Our goal is to beat our five-year average of 1.6
Customer Average Interruption Duration Index (CAIDI) <i>Relevant Benchmark:</i> Regulators Agreed-Upon Service Quality Standard for CAIDI: ≤ 2.2 (average hours per outage)	1.5	1.8	1.79	1.63 ☺	We had another great year. Some of our process improvements and investments in technology are helping.	Continued process improvement to fully optimize new “device driven outage” management system.
Service Quality Performance Index (Measure of Customer Overall Satisfaction) <i>Relevant Benchmark:</i> Regulators Agreed-Upon Service Quality Standard for Customer Satisfaction: $\geq 80\%$	88.4	89.6	91.4	91 ☺	We use this survey data to improve internal processes.	Continue to exceed national satisfaction measures and regulatory expectations.
Environmental Performance						
% of Power Mix from Fossil Fuels ¹	1.8	2.2	1.9	0.9 ☺	Note that some of our power is from market purchases, which does rely on fossil fuels.	Keep emissions low while committing to new sources of renewable power.
CO ₂ Emissions (tons) from Power Generation	38,874	27,610	17,623	13,526☺	We learned that our stakeholders support our goal to reduce our carbon footprint.	Maintain our enviable emissions profile without significant adverse impact on cost.
Average Vehicle Fuel Efficiency (Gasoline and Diesel) – MPG	10.23	11.7	12.75	12.1☺	We met our goal of improving fuel efficiency 25% from 2005-2008, but did not increase our efficiency from 2008 to 2009.	Continue to incrementally improve fuel efficiency for next 3 years.

¹ Please note that the portion of our power profile that is derived from market purchases is very likely to contain fossil fuel sources. Currently, we aren't able to quantify how much of the market purchases are from fossil fuels.

Key Performance Metric	CY 2006	CY 2007	FY2008	FY 2009	Lessons Learned	Future Plans
Blended Biodiesel Used (gallons)	64,509	57,021	62,000	64,006☺	We have experienced great vehicle performance with biodiesel, and we use a smaller % of biodiesel in winter.	We expanded biodiesel in 2009 by adding another fueling terminal at Westminster service center. We will maintain our commitment to biodiesel for onsite fueling.
Energy Consumption – Buildings (thousand kWh)	1,457	1,495	1,403	1,375☺	In 2008, we installed better cooling systems for our server rooms and built a larger, but more efficient, service center in Westminster. In 2009, we installed a solar hot water system in Colchester.	In 2010 we plan to reduce electrical consumption by 5%.
Total Water Use (gallons)	216,740	427,847	678,339	616,207☺	Our new Westminster building is more efficient.	Maintain water consumption within 2009 levels.
Hazardous Waste Generated (lb)	15,015	415,953	26,629	13,310☺	We reduced the quantity of hazardous waste by monitoring each spill and properly using absorbents to minimize the hazardous waste generated.	We achieved our goal of reducing hazardous waste generation back to 2005/2006 levels. We will continuously strive to reduce hazardous waste. In 2010 we embarked on a waste reduction program for all waste streams. In particular we are researching reuse options and other ways to reduce the environmental and financial impact of our waste streams.
Employer						
Employee Turnover (includes retirees)	9.8%	6.7%	4.7%	5.2%	Our company is quite small (193 employees), so even a slight change can result in a seemingly drastic change in turnover. As more employees become eligible for retirement, this number will go up.	Some turnover is healthy. Our goal is to maintain a range of 5-15%.
% Employees Over 50 (future indicator of skilled labor)	Not reported.	43%	44%	40% ☺	Some employees feel that we need better training programs (i.e., a larger	Continue to focus on succession planning at the leadership level and appropriate

Key Performance Metric	CY 2006	CY 2007	FY2008	FY 2009	Lessons Learned	Future Plans
					apprenticeship program) to ensure a new generation of skilled workers.	transition of workforce knowledge over time.
Safety & The Work Force						
Total Number of OSHA Cases (by Calendar Year, per OSHA requirements)	17	12	13	16 ☹	While the safety program has been reinvigorated, employees know that there is progress to be made still.	As always, reduce the number of injuries and days missed. Strains and sprains as well as material handling continue to be a challenge. We are working with local physical therapists to target specific employee groups and we are starting a stretching program soon.
Community						
Number of customers receiving support through the Energy Support Credit pilot program (at the end of the program)	N/A	N/A	N/A	3,300	What we learned from the pilot program has been valuable in determining whether the regulators will approve an on-going program.	We are still working on a future plan for a permanent program.
Amount of assistance provided through the Energy Support Credit program	N/A	N/A	N/A	\$1 million	See above.	See above.
Number of residential disconnections for non-payment	N/A	N/A	4,157	3,723☹	We identified the value of allowing longer payment arrangements for customers to avoid disconnects.	Increase pre-field collection work. For example, make phone contact in the field before account is up for collection.

Sustainability Performance Highlights

The following are a few highlights from FY 2009 and the early part of 2010:

- **American Recovery and Reinvestment Act Funds.** Over the next two years, we hope to utilize \$25 million in federal funds to undertake numerous large capital projects throughout Vermont, include substation upgrades, renewable energy deployment, hydro dam refurbishing, and reliability and transmission projects. Total project costs are anticipated to be \$31.7 million in 2010, and an additional \$46.6 million in capital expenditures in 2011. We have received final approval from the Vermont Economic Development Authority (VEDA).
- In April 2009, we were awarded a **Governor's Award for Environmental Excellence** and Pollution Prevention for Contribution to a More Sustainable Future. This was the first time this award was given, and we won for our 20-year energy plan that includes initiatives to produce

alternative energy, contracts with methane generators and other renewable and low-carbon power sources.

- **July 2009 Customer Survey Results.** 87 percent of customers said they were very satisfied with Green Mountain Power and gave us high performance rankings in a number of areas, including customer service, competent management and responsiveness.
- At the end of 2009, we filed a new **alternative regulation plan** that includes a mechanism by which Green Mountain Power will be compared to other utilities. Currently, we operate in one of the top tiers of performance and strive to make it to the very top of the list of performance when benchmarked against utilities nationwide.
- **CO₂ Emissions Reduction.** The tons of CO₂ emitted from power generation this year decreased by 4,097 tons. This is mainly due to the fact that we relied less on oil/natural gas and market purchases this year than last.
- **LED Streetlights.** We will offer LED (Light Emitting Diode) lights to replace worn-out mercury vapor lights in streetlights. We are the first electric utility in New England – and one of only a handful in the country – to offer an LED-specific rate to customers for outdoor lighting.
- **Hybrid Bucket Truck.** In 2009, we put our first hybrid bucket truck into service. It can run on batteries for up to 20 minutes when the truck is parked, which means less idling emissions and noise, and less maintenance on the diesel engine.
- **Green Service Center.** Our recently remodeled Westminster location is a high-performing building with a 58 kW solar installation, lighting control timers and occupancy sensors, low-flow water fixtures, Energy Star windows, a specially designed heat reflecting roof, native landscaping, and lampposts fitted with outlets for plug-in electric vehicles. The solar installation (installed by groSolar) was tied for the 2nd largest installation in the State when it was built and was designed to supply two-thirds of the annual electricity consumption of the building.
- **SolarGMP Incentive for Vermont Homes and Businesses.** The program pays customers for all solar energy generated at a rate of 6 cents per kilowatt-hour above and beyond any net metering payments. For example, the financial services company National Life recently activated the largest solar installation in Vermont with the help of a State grant and the economic incentives of the *SolarGMP* program. As of May 2010, we had 173 participants in SolarGMP.
- 89% Progress on our Goal to **Install 10,000 Solar Panels in 1,000 Days.** We are pleased with our progress so far (as of June 2010) of 8,965 panels generating solar power.
- **Solar On Schools Program.** In 2009, we contributed \$25,000 in grant money to the Chittenden East school district, which will convert the roof to a solar array. We hope that this will serve as a statewide model for power generation and renewable energy education. The 345 panels will generate about 82,551 kWh each year or 12% of the school's annual electric usage. Over the 25-year life of the system, almost two million pounds of carbon dioxide will be offset.
- **Renewable Incentives.** We recently supported several large solar installations with renewable energy grants. National Life has installed a 73 kW system, Hannaford a 25 kW system, and Green Mountain Coffee Roasters recently flipped the switch on their new 100kW, 572-panel solar array on the roof of their Waterbury distribution center.
- **Building Solar Generation.** In spring 2009, Green Mountain Power announced plans to build a 200 kW solar plant in Berlin, Vermont. The project was recently awarded a permit and construction will take place summer 2010 and is the largest permitted solar project in Vermont.
- **New Wind Farms.** We are pursuing a new wind farm on a mountain ridge in Lowell, Vermont with 20-21 wind turbines. The project, named Kingdom Community Wind, has the potential to meet the annual electrical needs of approximately 20,000 average Vermont households. A customer survey conducted in fall 2009 found strong support for GMP's plans to build, own and operate the wind farm and the town of Lowell strongly supported the project, with a March 2010 vote of 75 percent in favor of the project..
- **Corporate Giving.** In 2009, Green Mountain Power gave \$100,000 in charitable contributions to organizations in our service territory and strategic gifts to significant statewide institutions. This

included nearly \$19,048 to support the WARMTH program, which helps limited-assistance customers.

SD 1.1.5 and SD 2.10

SECTION 2: MATERIAL ISSUES

Early in 2009 we performed a materiality determination to create a list of the issues of greatest significance to our stakeholders. The most pressing material issues are complex issues that encompass financial, environmental, and social impacts, and are directly related to our own triple bottom line of carbon, cost, and reliability.

Material Issue #1: Vermont's Energy Future & Reducing Climate Change Risk

Currently, we are able to offer an enviable power profile that includes renewable generation and low reliance on fossil fuels (only 0.9% in 2009, not including market power). This power profile is evidence of the company's commitment to reducing climate change risks and echoing the environmental views held by Vermonters. This power profile may change drastically after the contracts to purchase power from Hydro-Québec and Vermont Yankee expire in the next few years. The expiration of these contracts is central to this material issue. This issue is further complicated by the recent global economic crisis, and rate payers' potential reluctance to support the increased costs necessary to build/invest in new renewable generation. Green Mountain Power feels a strong obligation to provide cost effective power in the long run, which is why we are building new sources of renewable generation. Also, we are committed to supporting the local Vermont economy, which means investing in renewable energy projects within the state.

Green Mountain Power has a vision for an energy future that provides customers with power that has low carbon emissions, low cost and high reliability. We know that low carbon can mean less price volatility. Our energy strategy, while is also our climate strategy, is firmly anchored in these three elements and recently has included the following components:

- **Diversify our Power Portfolio and Plan for Expiration of Contracts.** In November 2008, we issued two RFPs in conjunction with two other utilities (Central Vermont Public Service [CVPS] and Vermont Electric Cooperative [VEC]) to all New England Power Pool participants, power suppliers and developers. The first RFP requested up to 40 megawatts (MW) for Green Mountain Power. The second RFP (issued with CVPS) requested 150 MW of new energy, and is contingent on the outcome of the Vermont Yankee relicensing and contract negotiations. We have had numerous responses to our first RFP. As of February 2010, GMP has signed contracts to purchase: (1) 25 percent of the output of the Granite Reliable Power wind project for 20 years starting 4/12; and (2) 25 MW of round-the-clock energy from J.P. Morgan Ventures Energy, from 3/12-12/16. Our decision was based on a variety of factors, including price, price stability, fuel diversity, environmental attributes, reliability and customer preferences. These agreements will help us ensure a stable and reliable power supply, and diversify our supplies. Also, as a result of the RFP, we are also considering the purchase of the output of a biomass project under development in eastern Vermont.
- **New Contract with Hydro-Québec.** In March 2010, Vermont's two largest utilities signed a memorandum of understanding (MOU) with Hydro-Québec that includes purchases totalling 225 MW starting in November 2012 and ending in 2038, as well as a price-smoothing mechanism that will shield customers from volatile market spikes. This agreement sets the stage for a new contract that will help us maintain what is arguably the cleanest power supply in the nation, while ensuring a relatively stable and affordable future for our customers. According to the memorandum, the parties intend to execute the agreement no later than July 31, 2010, subject to Vermont Public Service Board approval and certain other conditions.

- Expand In-State Wind Generation.** We are pursuing a new wind power installation, called Kingdom Community Wind, on Lowell Mountain that would meet the annual electrical needs of approximately 20,000 average Vermont households. For more information, see <http://www.kingdomcommunitywind.com/>. Also, we have a letter of intent to negotiate a purchased power agreement with Iberdrola, which has received approval to build a wind plant adjacent to our six MW wind facility in Searsburg. Because the project is partially on National Forest Service land, it still requires additional approvals before it can begin construction.
- Expand In-State Solar Generation.** We believe that encouraging both small- and large-scale solar installations is consistent with our energy strategy and our stakeholders’ commitment to renewable energy. A survey in 2008 indicated that 80% of customers surveyed thought it was a good idea for Green Mountain Power to make a major commitment to accelerate the adoption of solar energy by its customers. Additionally, over 1/5 (22%) of those surveyed indicated that it was very likely that they would install solar energy in their homes. We believe that the challenge for customers is the initial capital cost for installation. Our *SolarGMP* program and renewable energy grants for companies (like Green Mountain Coffee Roasters and National Life) who commit to major solar installations help to incentivize our customers. Other solar programs include Solar on Schools, our goal to install 10,000 solar panels in 1,000 days, and a new solar plant planned for Berlin.
- Support Other Renewable Projects.** We recently worked with the Westminster Farm to make their farm methane digester a reality. We also supported the Moretown Landfill project, which will produce 3.2 MW of electricity from landfill gas (methane), by committing to purchase the project’s output for 15 years at a fixed price. The landfill will supply 1-1.5% of our annual power.
- Continue to Engage Stakeholders.** We know that our energy strategy is only as good as our stakeholder engagement. In 2008, we began ramping up our stakeholder engagement efforts with customers, communities, employees, regulators, NGOs, and developers on our energy strategy and ways to significantly increase renewable generation.

Our energy/climate strategy has been developed in concert with consistent, multi-faceted stakeholder engagement. One of our methods of engagement in 2008 was telephone surveys:

Reaction to GMP Encouraging Development of In-State Energy Generation in Communities that Agree to Host Large Scale Renewable Energy Projects	
	Total %
Strongly favor	68
Mean (scale from 0-10, where 0 is strongly oppose and 10 is strongly favor)	8.4
Reaction to GMP Encouraging the Development of a Smart, Green Transmission Grid so that Renewable Generation Can Play a More Significant Role on the Vermont Grid	
Strongly Favor	64
Mean	8.4
Reaction to GMP Reducing Demand on the Electric System by Encouraging Small-Scale Renewable Generation such as Solar on Homes and Businesses	
Strongly Favor	76
Mean	8.4

Results provided by RKS Research & Consulting.

This tells us that our customers support our energy strategy's prioritization of in-state renewable energy projects (both large and small) and the development of a grid that relies more heavily on renewables.

Other Programs to Reduce Climate Risk

In addition to our long-term energy and climate change strategy (described above), we have other programs to reduce climate risk:

- **Carbon Neutrality in Operations.** In 2008, we worked towards carbon neutrality in our operations (offices, facilities, trucks, and all business travel) through various operational changes (biodiesel, alternative-fueled vehicles, energy efficiencies in buildings, etc.) and offsets purchased from NativeEnergy. Neutrality in 2009 was achieved by purchasing RGGI allowances, which reduced the carbon emissions cap in the Northeast. Additionally, the cost of these allowances will be used to promote energy efficiency and renewable energy in Vermont.
- **Choose2BGreen provides customers** with three ways to neutralize their carbon footprint through renewable power and home heating and driving offsets. First, GreenerGMP allows them to purchase energy from certified renewable resources equal to some or all of their monthly electricity use. CoolHome and CoolDriver offset their individual carbon footprint associated with home heating and driving, respectively. These programs are offered in partnership with NativeEnergy. In FY2009, 393 customers participated in CoolHome.
- **GreenerGMP.** Our customers are now able to choose to pay a premium for all or a portion of their monthly electrical usage to demonstrate **their support** for renewable energy. Funds generated support the Moretown Landfill, the McNeil biomass plant, upgrades to GMP's Vergennes hydro plant and a farm-based methane digester in Westminster, Vermont. Approximately 1,070 customers participated in GreenerGMP by the end of FY 2009. In April 2009, we received regulatory approval for a 25% reduction in renewable energy rate for our customers to further encourage this program. EN6

Key Performance Indicators Related to this Material Issue:

1. % of Power Mix from Fossil Fuels in 2009 – 0.9%
2. CO₂ Emissions from Power Generation in 2009 – 13,526 tons

For comparisons with previous years, see Section 3 of this report, as well as the Key Performance Indicators table in the Introduction.

5.7.4

Material Issue #2: Safety & the Work Force

As an electric utility, safety is consistently one of our top material issues. With little room for error, a consistent safety record requires constant vigilance, a solid foundation of plans and procedures, and a commitment to compliance. Additionally, there must be a company culture of safety that goes beyond workplace tasks and extends to aspects of life, including at home. We strive to maintain a constant cultural focus on safety. Employees working in the field agree that there is still room for improvement and improved consistency.

Safety is both a short- and long-term issue. In the short-term, safety is related to one-time, acute injuries. Safety is also a long-term issue, as an aging work force may face injuries sustained from years

or decades working in the field. Safety is also closely intertwined with another material issue facing many utilities – availability of skilled labor. Electrical workers are highly skilled and offer years of invaluable expertise. With their retirement, we must implement succession plans and strategies to ensure that core competencies, including safety and reliability, are not comprised due to a changing work force. Some employees feel there should be a greater focus on young apprentices who will be able to lead the work force in the future. In 2009, we had six apprentices in our workforce.

Our hope is that with our active apprenticeship program we can effectively replace the aging work force as they retire, and that the new workforce will have significant work experience to maintain our excellent track record of reliability and customer service.

In order to address the short- and long-term safety issues, our program includes the following:

- **Monthly Safety Meetings.** In the past, routine safety meetings were not consistently held. Now, there is a commitment to monthly meetings. Safety training is required per OSHA², and we hold monthly meetings as part of our safety training program. Each worker is required to maintain a level of training and competency to be considered a “Qualified Person” as defined by OSHA.
- **Executive Safety Committee.** In 2009, we resurrected a separate Executive Safety Committee of employees passionate about safety (both union and non-union) to discuss safety generally and focus on imbedding safety more fully into our corporate culture. The Executive Safety Committee still deals with specific safety concerns and policies and procedures.
- **Daily Involvement.** Safety is encouraged in every aspect of work. In meetings, our mantra “I am GMP safety!” is commonly spoken by those in attendance. Every working group is required to conduct tailboards for their work each day. Our first corporate value is “Delivering Fast, High Quality and Incredibly Reliable Service.” We routinely discuss how safety is directly linked to this value. Our root cause analysis of safety incidents also indicates that they are primarily due to inattentiveness or poor communication. These causes have become part of the focus of our monthly safety meetings.
- **Commitment to SHARP.** All divisions of the company have met the requirements of the Vermont Department of Labor’s Safety and Health Achievement Recognition Program (SHARP).
- **Training.** CPR and AED training is offered on a voluntary basis to all employees.

We follow OSHA-required procedures for recording and reporting injuries and illnesses:

OSHA INJURIES AND ILLNESSES (2006-2009) – Based on Calendar Year				
Type of Incident	2006	2007	2008	2009
Total number of deaths:	0	0	0	0
Total number of cases with days away from work:	8	2	3	5
Total number of cases with job transfer or restriction:	6	3	5	4
Total number of other recordable cases:	3	7	5	7
Total number of days of job transfer or restriction:	74	54	46	105
Total number of days away from work:	147	22	113	102
Injuries:	12	12	13	14
Skin Disorders:	1	0	0	1
Respiratory Conditions:	0	0	0	0

² The Occupational Safety & Health Administration.

OSHA INJURIES AND ILLNESSES (2006-2009) – Based on Calendar Year				
Type of Incident	2006	2007	2008	2009
Poisonings:	0	0	0	1
All other illnesses:	0	0	0	0

LA7

Repetitive motion injuries have resulted in many of the lost days. These injuries were not the result of an acute accident and are representative of an aging workforce that has performed physical work for years. Today’s technological advances in tools, equipment and machinery will reduce these injuries moving forward, but the trend of repetitive motion injuries will likely continue for the next five years or so.

One challenge that we face is monitoring and reporting on the safety performance of contractors and subcontractors working onsite or on behalf of Green Mountain Power. We expect our contractors to comply with applicable health and safety requirements and adhere to their own safety protocols. Beyond this, it is challenging to monitor every aspect of their safety performance. We meet this challenge by setting a high safety standard for our own workers and encouraging them to report unsafe situations or to cease work performed by contractors if an issue occurs.

GMP and each of the other utilities in Vermont report a suite of statistics called Service Quality Measures (ServQuals) to the Vermont Public Service Board. ServQuals are discussed in Section 6. The safety ServQuals are Lost-time Incidence Rate and Lost-time Severity Rate. These measures were established in 2002 and have not been modified or changed since. While we have never exceeded for Lost-time Incidence Rate, in 2009 we exceeded our measure for the Lost-time Severity Rate. Green Mountain Power is currently working with the Public Service Board, other Vermont utilities, and Project WorkSafe (a Division of the Vermont Department of Labor) to evaluate whether this specific metric is appropriate to measure the efficacy of a safety program. This process was under way at the time this report was being prepared, so we plan on presenting a more detailed discussion of this issue in next year’s report.

Maintaining a Skilled Work Force

In order to ensure the continued safety of our work force, we have taken the following steps to ensure that availability of skilled labor remains high, even when our experienced workers retire:

- We have an active apprenticeship program (there are currently six apprentices), where field workers undergo rigorous training and education side-by-side with seasoned workers. In addition to helping maintain our talented work force, the apprenticeship program is also an important way we contribute to the future of Vermont’s young people. The recession has dramatically increased our access to highly skilled utility labor. We have been able to replace all retirees with experienced qualified workers in the engineering, technician, and lineworker areas. We recently added two apprentices, but due to the accessibility of qualified labor have not implemented a formal program. Our current apprentices have been successful and are progressing toward journeyman status.
- We have succession plans for key positions that are reviewed bi-annually by the leadership team.
- Proactive and open communication to clearly understand individual retirement strategies for timely cross training and succession.

- In addition to safety and succession planning, another important aspect of maintaining our talented workforce is attracting new employees. While we hope that our sustainability program attracts new employees, we learned during our employee engagement that jobs with stable companies are in such high demand in Vermont, we are inundated with resumes. New employees said that our environmental track record wasn't as important to them as other factors. Overall, our stability and sustainability as a company will help us ensure that we always have a skilled work force. In 2009 Green Mountain Power received 3rd place in the Best Places to Work in Vermont competition ranking. This is a powerful recruiting tool and we use this title in our recruitment advertising.

Key Performance Indicators Related to this Material Issue:

1. 2009 OSHA Injuries/Illnesses (total cases): 16
2. % of Employees Over 50: 40% (decrease from 44% last year)

Material Issue #3: The Recession

The recent U.S. recession and contraction of the global economy was felt by everyone, including Green Mountain Power stakeholders. It affected virtually every aspect of the company's operations, including short-term (1-5 years) investment decisions and day-to-day company operations. We counteracted these effects through aggressive plans to invest in renewable energy projects (including taking advantage of federal stimulus funds). With an already lean corporate structure, we were able to avoid layoffs.

The most significant direct impact of the recession is on our customers, who are finding it harder to pay their bills. While lower income families may qualify for assistance, a growing number of middle class families do not qualify for assistance and are struggling. Green Mountain Power is discovering that the rate of disconnect notices is increasing for residential customers.

Currently, there are several programs to assist limited-income customers, including:

1. **WARMTH.** Customers are encouraged to contribute financially to WARMTH, which is a fund operated by Community Action agencies to help customers facing heating emergencies when all other assistance options are exhausted. Green Mountain Power matches the funds contributed by customers. In 2009, we contributed \$19,048 to WARMTH. Note that this amount is substantially less than what we contributed in 2008 (nearly \$40,000). We contributed more in 2008 because the need was greater due to the economic crisis, and so we decided to target the funds remaining in our contribution budget at the end of FY 2008 to WARMTH.
2. **Power Partners.** We allocate \$26,500 twice a year to customers who face electric service disconnection. Community Action agencies qualify the customers for assistance, and explain that if the customer pays 25% of the disconnect amount, we will provide a matching 25% credit to prevent disconnection.
3. **Energy Support Credit.** Begun as a three-year pilot program in 2007, we initially provided a 10% discount on monthly energy charges to eligible limited-income customers, and in 2008 raised the discount to 25%. The program continued until May 2009, when the \$1 million fund ran out. Overall, 3,300 customers were assisted through the program. We are still working on a future plan for a permanent program. Vermont law has not allowed setting rates at anything other than cost-based, so we were unable to set up a permanent limited-income rate. However, the Legislature has given the Public Service Board the ability to consider a limited-income rate, and AARP has filed a proposal with the PSB. What we learned by operating the Energy Support pilot

program has been valuable in discussions to determine whether the regulators will approve an on-going program.

Our customer service staff is extremely skilled at working cooperatively with area community action agencies and our field personnel to identify customers who may be eligible for these programs. We also refer customers to state programs that may offer additional assistance. Our customer service representatives develop relationships with customers, and are therefore more successful in helping them create affordable payment plans when they fall behind in paying their bills.

How the Recession Affected Our Operations and Investments

In fall 2008, our leadership team started developing strategies and contingency plans for a recession. Operating efficiency is a core value at Green Mountain Power, but it is especially critical now. We have a history of providing superior service to our customers while controlling our costs. In 2008 we cut management costs by eliminating two officer positions through retirement. Through careful management of all our resources, we now serve 495 customers per employee, the highest ratio of any utility we are aware of. The “employees” referred to here is all our employees. We think the metric of using all our employees is most valuable, as it shows how much emphasis we place on effective management, rather than multiple layers of management.

We feel that this ratio helps to increase efficiency, but we have also considered whether we have too few employees. Our analysis of safety incidents has not shown a link between fewer employees and more safety incidents. With respect to quality of life with fewer employees, some employees wear “many hats” and indicate that they feel stretched a little thin, but we do not think our company is unusual in this way or that this is a material issue. In general, our employee feedback has shown that our employees are very satisfied working at Green Mountain Power.

We have had success in keeping power costs down as well. We have launched an intensive effort to keep power costs as low as possible with our vision of securing sources of power at below-market rates, yet with low carbon. In the short term, we are looking for other ways to cut or defer expenses in order to keep rates as low as possible. Specific cost-cutting measures are described in the Financial section of this report.

One of the most challenging concerns lately for the utility sector has been the cost of capital. We, like all utilities and infrastructure businesses, need access to capital to maintain our system, to invest for reliability and to invest in new technologies and generation to deliver on our commitments to our customers. We find ourselves in a position where the cost of capital is higher than the return (profit) we receive on every dollar of investment. This is causing many utilities to dramatically cut capital spending. We, like all Vermont businesses, hope this situation changes. The long-term effects could be challenging to navigate.

One aspect of our strategy for managing our rising costs was to file for a 4.84 percent rate adjustment, which was approved in 2009. This increase is primarily due to factors that affect all utilities in the region, such as costs of upgrades to the New England transmission grid. Less than half a percent of the rate increase will be due to changes in Green Mountain Power’s operating costs that are under our direct control. During the recession, we knew that any change in rates will be difficult for our customers, and in response we have taken extra steps to keep this increase as low as possible, including keeping payroll costs flat and cutting other operating expenses as much as possible.

Our customers have been very satisfied with our efforts to date, but that just means more is expected of us in the future. Our laser focus on customer satisfaction and efficiency is the best way to serve our customers.

Key Performance Indicators Related to this Material Issue:

1. Number of customers receiving support through the Energy Support Credit pilot program: 3,300 (at the end of the pilot program)
2. Amount of assistance provided through the Energy Support Credit program: \$1,000,000
3. Number of residential disconnections for non-payment (FY 2009): 3,723 residential disconnections.
4. Funds contributed to WARMTH in 2009: \$19,048

Material Issue #4: Education & Efficiency

As Green Mountain Power evolves as a utility, its customers must evolve as well. Enhancing our power profile with more renewables cannot be successful without the support of customers. We recognize that the benefits of renewable energy are long-term, but it may be difficult for some customers to accept increased costs in the near term as a trade-off for more stable rates in the long term. Rate increases may be inevitable while initial capital investments in renewable energy projects are required. Understandably, customers are more concerned about paying their bills month-to-month and whether or not their jobs are secure. Education is absolutely crucial if customers are to support new projects. Part of our energy strategy is developing renewable energy in a more cost-effective way by obtaining the capital and building our own renewable generation, thus achieving the benefits of long-term price stability.

Part of this education also means understanding (at least on a basic level) how power is generated and delivered to Vermont homes, including basic facts about electricity regulation and energy efficiency. Efficiency is a large untapped resource, although Vermonters do have a good track record in energy efficiency. More customers need to learn the link between reducing their electricity use, enjoying more stable electricity rates in the long-term, and decreasing the country's reliance on climate-changing fossil fuels. When this relationship is fully understood, customers may be more amenable to supporting Green Mountain Power's leadership role in Vermont's Energy Future. With more education, customers are also likely to take more advantage of our GreenerGMP rate, which offers 100% renewable energy.

Our Educational and Engagement Strategies:

- **Telephone Surveys:** about customer satisfaction and our energy strategy. In 2008, customers were split as to whether they were informed of our energy strategy. 45% said they had seen/heard/read about it, while 53% said they had not. Customers were then provided with a brief introduction of our plans to meet future power needs by balancing the three objectives of reliability, cost minimization, and a low carbon footprint. Further questioning probed customer reactions to various components of the strategy.
- **Sixth Annual Community Energy Fair** (September 2009). The fair has been a fun and educational way to engage customers about energy efficiency and safety. With 6,000 attendees, this year's fair was beneficial and enjoyable; however, we recently performed a cost-benefit analysis and realized that our resources might be better used for other purposes (e.g., communicating directly with stakeholders on our energy strategy, particularly Smart Grid). Therefore, we do not plan additional Energy Fairs in the near future.

- **Bill Inserts:** We use monthly bills to communicate important and useful safety and energy conservation tips to customers, including how to be safe with electricity, electrical equipment, and power lines.
- **Wind Tours:** Part of our operating license at our Searsburg wind plant requires us to educate the community about the facility. We achieve this by providing educational tours to school groups and the general public during the summer and early fall. Tours are not scheduled during winter because of weather-related safety issues, and are restricted during fall and spring to avoid disturbing local bear populations during mating season and when cubs are first born. The Searsburg wind farm has become a tourist attraction with approximately 1,000 visitors each year.
- **Project-Specific Engagement:** As part of our Kingdom Community Wind project, we sent mailings, held public meetings and weekly neighbor meetings, and made door-to-door visits to ensure people had their questions answered about the project prior to the community vote.

Encouraging Energy Efficiency

In addition to the various educational venues that we use to educate customers about efficiency, Green Mountain Power created the Energy Efficiency Fund (the Fund) in March of 2007 as a result of our sale to Gaz Métro. We will invest more than \$8 million in energy efficiency and renewable energy by the end of 2012. The goal of the Fund is to maximize financial and environmental benefits for all of our customers through investments in energy efficiency. The investment is expected to generate \$25 million in benefits for our customers over time. Efficiency Vermont was selected to administer the Fund as a result of its extensive experience delivering statewide energy efficiency programs and services. It will implement expanded energy efficiency services and provide incentives to our residential and business customers.

One example of a fund recipient is IBM (Essex, VT), which successfully developed a Free Cooling system which uses cold winter air to help produce 50% of its chilled water. IBM received approximately \$1.5 million from the fund. By taking advantage of the plentiful wintry air, IBM can shut down some of its large chillers, resulting in a projected savings of \$400,000 per year in electricity costs.

Vermont Energy Investment Corporation (VEIC), which provides services to Efficiency VT, is taking the lead on the efficiency-related federal stimulus projects. VEIC is collaborating with the state's utilities on all of their stimulus project proposals in order to find all possible efficiency connections. For example, VEIC will be deeply involved in the plug-in hybrid electric vehicle (PHEV) demonstration project proposal in the greater-Burlington area to help fulfill the objective of studying the impact of PHEVs and vehicle-to-grid applications on the local distribution system. Green Mountain Power, as the initial founder and facilitator of the work group, is working closely with the state's utilities, including VEIC and Velco, to maximize its positioning for stimulus funding awards.

Green Mountain Power is not experiencing growth in its service territory currently due to a combination of economic slowdown and increased energy efficiency as a result of efforts led by Efficiency Vermont. Our long-term growth projections are quite modest, due to continued efficiency improvements. We have an Integrated Resource Plan, which is periodically reviewed and updated, that includes efficiency as part of the energy portfolio.

EN6, EN18

Other Issues Important to Our Sustainability Strategy

In addition to the above four primary material issues, the materiality determination and employee engagement completed in 2009 revealed several other material issues that are worth noting:

- **Weather:** increasingly volatile weather patterns and storms threaten the reliability of the power supply and represent substantial financial risk. For example, the ice storm in December 2008 (which only affected southern Vermont and was considered a relatively small storm) cost Green Mountain Power approximately \$1.3 million to restore power and repair damage.
- **Internal Company Communications:** with one central office as headquarters, some satellite offices may feel distanced from company news and information. Also, despite efforts to bring those who work in the field into the corporate realm, there is still an “upstairs/downstairs” feel to company communications. This is offset in part by the CEO’s Monthly Town Meetings held in each office/location.
- **Lean Structure:** Part of Green Mountain Power’s brand is a lean staffing model. This has its benefits and has worked effectively from a cost and productivity perspective for ten years, but this also means that some employees feel overworked. We do not think our company is unusual in this way or that this is a significant material issue. In general, our employee feedback has shown that our employees are very satisfied working at Green Mountain Power.

SECTION 3: OUR POWER PROFILE

Our brand is deeply rooted in environmental stewardship, and we strive to keep our power profile as sustainable as possible. We and our stakeholders have identified Vermont's Energy Future and Climate Change Risk as our top material issue. This is why we continuously strive to reduce our reliance on fossil fuels. In 2009, 52.2% percent of our energy came from hydro, wood and wind. In 2009, Green Mountain Power generated electricity without any coal, and only 0.9% percent of our generation was from fossil fuels. EN6

Our energy strategy can be summarized very simply: Cost, Carbon, Reliability. Balancing these three elements is vital to our energy decisions. We need to provide reliable electricity to our customers at an affordable rate while minimizing our carbon footprint. The implementation of this strategy requires a serious commitment to increasing in-state renewable generation, which provides long-term reliability, less price volatility, and low carbon emissions. Our renewable energy strategy is multi-faceted and has been crafted with the input of our customers and other stakeholders. We engage our stakeholders through a variety of media to gather input on various aspects of our energy strategy. Specific results from our engagement efforts appear throughout this section, as we discuss our various energy sources. For specific details on our renewable energy and climate risk strategy, see [Our Material Issues](#).

Generation Facilities

Green Mountain Power owns and operates 11 generation facilities, all of which are in Vermont. These include: one wind plant; eight hydro plants (two have peaking fossil generation); and two fossil fuel peaking plants. We also own interest in the McNeil biomass plant in Burlington, the Wyman in Yarmouth, Maine, and the Stonybrook Station in Ludlow, Massachusetts.

Power Mix

Our power supply is evidence of our continued effort to reduce the use of fossil fuels, while emphasizing the use of alternative energy sources. It is important to note that our market purchases are likely to be generated largely from fossil fuels. EN6

The 2009 percentages reflect our NET power mix, after REC sales. These values assume that all MW's associated with RECs that were sold were replaced with system power.

Power Source	Percentage of Power Mix			
	2006	2007	2008	2009
Hydro	50.4	47.5	47.6	48.8
Wood	4.3	4.3	4.1	3.3
Wind	0.1	0.02	0.1	0.1
Nuclear (Vermont Yankee)	43.0	37.8	39.7	41.9
Market Purchases (likely includes fossil fuels)	0.0	8.5	7.3	5.0
Oil and Natural Gas	2.2	1.9	1.2	0.9

Hydro

Approximately 48.8% of Green Mountain Power’s power supply in 2009 came from hydro power, most of which came from Hydro-Québec. For information about the sustainability efforts of Hydro-Québec, refer to Hydro-Québec’s 2009 Sustainability Report.³

Our stakeholder engagement efforts in 2008 revealed that our customers support building on our relationship with Hydro-Québec. The results from our telephone interviews are as follows:

Reaction to GMP Building on its Relationship with Hydro-Québec by Taking Advantage of Vermont’s Unique Geographic Position to Import Additional Hydro Power at Very Favorable Prices	
	Total %
Strongly favor	73
Mean (0 is strongly oppose and 10 is strongly favor)	8.3

Results provided by RKS Research & Consulting

Green Mountain Power continuously invests in and takes great pride in maintaining its hydro power facilities. We also recognize, however, that hydropower can have a number of environmental impacts. We included a discussion of these impacts in our 2007 Sustainability Report, which is available on our website.

Wind

In 2009, 0.1% of our power came from wind. After 10 years of operation, our wind farm in Searsburg continues to provide enough clean, renewable electricity each year to power 2,000 homes and prevent approximately 11,000 tons of CO₂ emissions. In October 2008, one of our turbines failed when one of the blades came in contact with the turbine’s tower causing it to buckle during high winds. The blade had recently been repaired, but the repairs left it unable to withstand the high winds of the tail end of a hurricane. Approximately 20 gallons of heavy oil spilled from the unit when its fluid reservoirs were damaged, all of which was contained and removed from the site. While equipment this size is no longer manufactured, we have located a replacement turbine that we expect to install in 2010.

Iberdrola recently received Vermont Public Service Board approval to build a wind facility adjacent to our Searsburg wind plant. The new facility would have 17 state-of-the-art wind turbines generating 35 MW, enough electricity to serve 10,000 homes annually. We have a letter of intent to negotiate a power purchase agreement with Iberdrola. The U.S. Forest Service is currently reviewing a special use application for the plant, as the turbines would be the first wind energy facility on National Forest System lands in the country. EN26

Kingdom Community Wind Project

The Kingdom Community Wind Project, located on Lowell Mountain in Lowell, Vermont is a proposed wind farm. The following provides a summary of the project to date:

- It will be located on private land and consist of 20-21 wind turbines with a rated capacity of 2.5 to 3.0 MW each and a maximum capacity of up to 63 MW.

³ http://www.hydroquebec.com/publications/en/enviro_performance/index.html

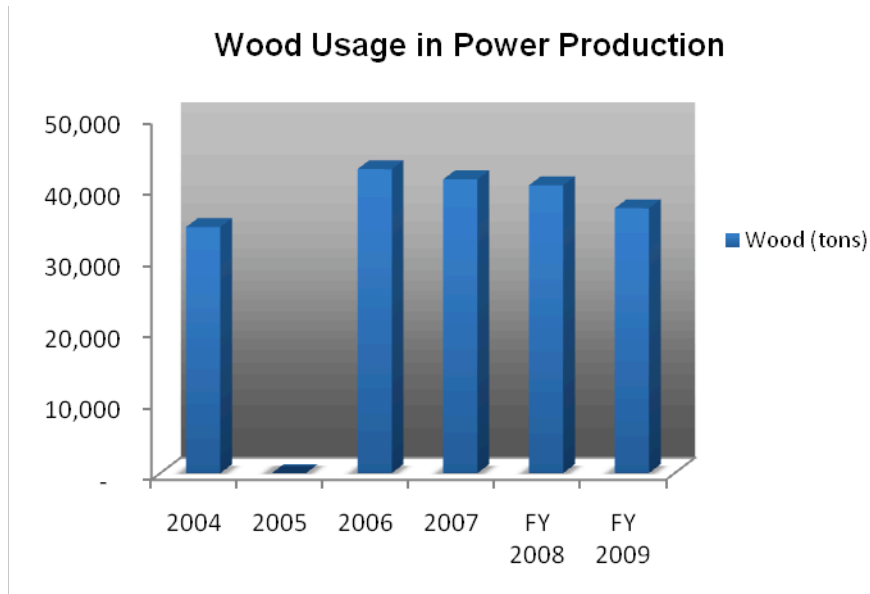
- The site could potentially provide enough locally-generated, carbon-free renewable electricity to meet the annual needs of up to 20,000 average Vermont households.
- In August 2009, we announced a new wind resource measurement program to obtain wind speed data. This data will help inform the number and size of the wind turbines that would operate most efficiently on the site.
- A fall 2009 survey indicated strong support for wind power among Vermont business leaders. The majority of respondents support wind energy in Vermont, and specifically Green Mountain Power's plans to build, own and operate a wind plant in northern Vermont. When asked why they support it, customers said they believed this type of energy should be explored, has no adverse environmental impact and is a good alternative in the energy mix.
- In March 2010, 75% of voters in Lowell approved to support the development of the Kingdom Community Wind project.
- Green Mountain Power is working with Vermont Electric Cooperative, the local utility serving the region where the plant will be located. GMP is selling a portion of the power to VEC at cost, to ensure a benefit to the local communities.
- Green Mountain Power has proposed a Good Neighbor Fund to make payments to surrounding towns, based on the amount of electricity generated, for the first 10 years the plant operates. The Fund assures direct economic benefits to surrounding communities.

More detail about this project is available at www.kingdomcommunitywind.com

Wood/Biomass/Landfill Gas

Green Mountain Power obtained 3.3% of its power in 2009 from biomass (wood) and landfill gas. A substantial portion of this comes from the VEPPi Ryegate Plant from which we purchase roughly 34 percent of the output. While McNeil biomass in Burlington and Moretown Landfill provide GMP with a significant source of energy, the majority of the RECs from those facilities were sold, so this energy is considered "system" in our portfolio. We have an 11% ownership interest in McNeil, which uses sustainable harvesting practices to ensure minimal land impact. Burning wood releases oxides of nitrogen (NO_x), and carbon dioxide (CO₂) emissions, but CO₂ emissions are considered to be sufficiently off-set by the amount of CO₂ that trees absorb during their lives. For information on the fuel used at McNeil, visit: <http://www.burlingtonelectric.com/SpecialTopics/Mcneil.htm>

EN26



Please note that data for 2005 was not available.

EN1

Nuclear

In 2009, 41.9% of Green Mountain Power's energy came from the Vermont Yankee nuclear power plant. Vermont Yankee is located in Vernon, Vermont and it generates 620 MW of electricity. It uses the adjacent Connecticut River for condenser cooling water. It began operations in 1972, and it currently meets 35% of the overall energy demand of the State. The Nuclear Regulatory Commission (NRC) performed a tri-annual inspection of the Vermont Yankee facility in summer 2008. It found three "minor faults." For more information on the Vermont Yankee facility, visit: http://www.entergynuclear.com/plant_information/vermont_yankee.aspx

In our 2007 Sustainability Report, we included a discussion of the pros and cons of nuclear power, including environmental impacts. This year, we focus more on Vermont Yankee's license and on engaging our stakeholders about Vermont Yankee. We have also included an updated discussion on nuclear waste and how nuclear fits into our long-term energy vision.

Vermont Yankee's current NRC license expires in 2012. In January 2006, the owner, Entergy Nuclear Vermont Yankee, LLC ("ENVY"), filed an application for a license renewal with NRC. The decision on this license will likely be reached sometime soon. Green Mountain Power is currently in negotiations with Entergy for a new contract if its license is renewed, although we are actively pursuing other alternatives if that does not occur. For information on our Energy Strategy, see [Our Material Issues](#).

Stakeholder Reaction to Vermont Yankee

Nuclear power continues to be an issue with some of our stakeholders. Our employee engagement sessions revealed that many of our employees support nuclear power as a necessary component of the country's energy future. Our customer telephone surveys in 2008 revealed the following:

Customer Reaction to Reduce Use of Vermont Yankee Nuclear Plant over Next 20 Years to Allow Time to Replace Power With Renewable Resources	
	Total %
I like this plan.	31
I don't like this plan because I want to see the Vermont Yankee Nuclear Plant closed as soon as possible.	15
I don't like this plan because I know that the Vermont Yankee Nuclear Plant provides low cost power, and I want to see us get the benefit of that.	43
Other	2
(Volunteered) Not sure	9

Results from RKS Research & Consulting

A survey conducted in fall 2009 found that 63% of respondents strongly supported the relicensing of the Vermont Yankee nuclear plant when it comes up for renewal in 2012. They gave it high rankings on the cost of power, reliability and plant safety. Respondents also cited cost, reliability, safety and a low environmental impact as reasons for Green Mountain Power to continue purchasing power from Vermont Yankee.

Waste from Vermont Yankee

Some of our stakeholders have expressed real concerns about nuclear waste. Entergy recently exhausted the capacity of its existing nuclear waste storage pool and needed to store nuclear waste in “dry cask storage” facilities that were constructed on-site. Entergy received approval from the Vermont legislature and the VPSB to construct and use Independent Spent Fuel Storage Installation (ISFSI) sufficient to store enough spent fuel to allow the plant to operate through the end of its current operating license in March 2012. Green Mountain Power supported this authorizing legislation, which requires Entergy to contribute \$15.6 million between now and 2012 to the Vermont Clean Energy Fund in support of Vermont-based renewable energy projects.

In August 2008, Vermont Yankee successfully completed the first dry storage campaign with the transfer of its casks from the reactor building to the storage pad. Each cask is loaded with 68 spent fuel assemblies. The casks were moved from the reactor building to a storage pad located above the 500 year flood plain of the Connecticut River using a large, specially designed cask moving machine. The dry casks are rated by the Nuclear Regulatory Commission (NRC) for about 100 years of storage life.

The following provides the most recent data (2001-2006) for the quantity of low-level radioactive waste (LLRW) generated⁴:

Year	Volume of Vermont Yankee LLRW (cubic feet)
2001	1,543
2002	833
2003	943

⁴ Table adapted from “Report to the Vermont Department of Public Service on the Vermont Yankee License Renewal,” dated 2/27/09 (specifically Chapter 7, Nuclear Waste Management). See <http://publicservice.vermont.gov/dockets/7440/Exhibit%20%20Waste%20Management%20report%20Mullett.pdf>

2004	10,806 (the increase in 2004 was the result of work performed to increase the plant's output by 20%).
2005	2,154
2006	2,153

Also, the total amount of nuclear waste stored on-site in dry cask storage is provided below⁵:

- 1,911 bundles of stored the spent fuel pool
- 340 bundles stored in dry cask units

The Vermont Yankee facility has enough storage room (due to the additional space allowed by the dry cask units) to continue storing its waste until 2032.

For more information on the types and quantities of wastes generated from Vermont Yankee (both spent nuclear fuel and low-level radioactive waste), refer to "Report to the Vermont Department of Public Service on the Vermont Yankee License Renewal," dated 2/27/09 (specifically Chapter 7, Nuclear Waste Management)⁶.

Our Position on Nuclear Power

Almost every week we hear of scientific reports warning that the urgency of climate risk has increased. For this reason, more and more environmental leaders have called for keeping nuclear power in the mix. In July 2008, we launched a new Energy Vision for our customers – cost, carbon, and reliability. We can achieve this in part by building or buying new renewable energy generation such as wind and biomass while continuing to promote energy efficiency. The fact is, without Vermont Yankee in our mix (which accounted for nearly 42% of our power in 2009), our carbon footprint will grow substantially.

Vermont Yankee can and should be a significant partner in this vision if conditions are met that will ensure continued safety and reliability of the facility. Specifically, the plant must be deemed safe according to independent safety and engineering reviews. Secondly, Entergy must offer real economic and clean energy value to Vermont in return for another two decades of operation. We support the relicensing of the Vermont Yankee facility to the extent that it is a good deal for Vermonters. EN26

Fossil Fuels

Green Mountain Power obtained 0.9% of its power in 2009 from the fossil-fueled facilities shown in the following table:

Fossil Fuel Powered Sources			
Facility Name	Location	Fuel Burned	Our Ownership %
Vergennes Diesel	Vergennes, VT	No. 2 Oil	100%
Berlin Gas Turbine	Berlin, VT	No. 1 Oil	100%
Gorge Gas Turbine	Gorge, VT	No. 2 Oil	100%
Essex Diesel	Essex, VT	No. 2 Oil	100%

⁵ <http://www.rutlandherald.com/article/20090130/NEWS02/901300349/1003/NEWS02>

⁶ <http://publicservice.vermont.gov/dockets/7440/Exhibit%202%20Waste%20Management%20report%20Mullett.pdf>

Wyman Facility	Yarmouth, ME	No. 6 Oil	1.1438%
Stonybrook Facility	Ludlow, MA	No. 2 Oil and Natural Gas	8.8%

This percentage of fossil fuels in our power mix is the lowest in over 5 years. The environmental impacts from burning fossil fuels are considerable, which is why we strive to reduce our reliance on fossil fuels and increase use of alternative energy sources. Fossil fuels are non-renewable, and they result in the emission of hazardous air pollutants and greenhouse gases. Most of the fossil-fuel peak generation facilities owned by Green Mountain Power are nearing retirement age. For this reason, we have been replacing certain units.

Methane

In 2009, we added farm methane to our portfolio of renewable energy sources through the commissioning of the Westminster Farms plant. Manure from 1,200 cows will produce 225 kW of electricity – enough to power 250 homes. While generating power from manure is not a new concept in Vermont, the arrangement represents an important step toward creating a sustainable model for farmers. The farm will receive a fixed price per kWh generated. This will ensure that the farm gets enough money to keep the project profitable. Currently, power generated from Westminster farms is being sold back to the grid as market power.

Air Emissions

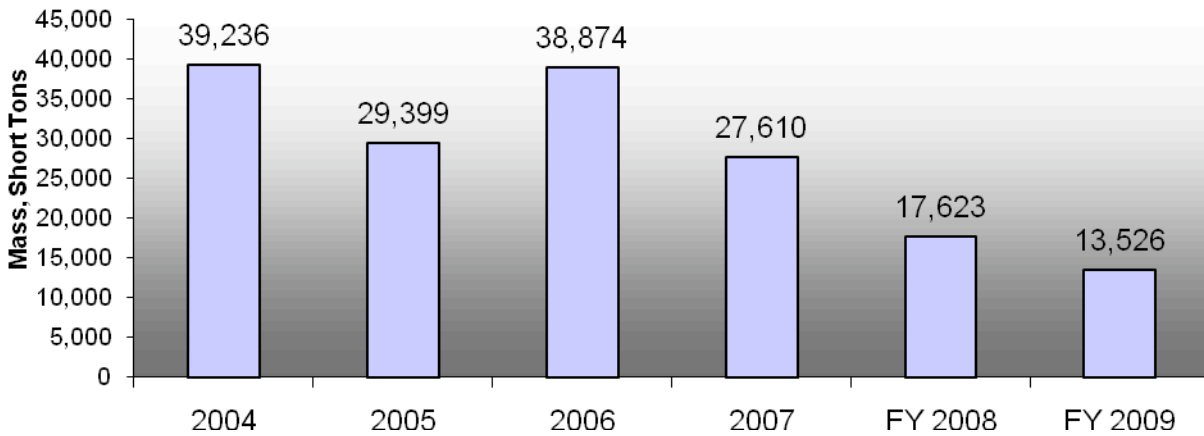
Our air emissions for 2009 are summarized in our Wholesale Power Profile, which is shown below. EN20 and EU 1

2009 WHOLESALE POWER PROFILE				AIR EMISSIONS IN TONS (SHORT)					
Wholly-owned Units	MWH	Fuel Type	Fuel Volume	CO ₂	SO _x	NO _x	PM ₁₀	CO	VOC
GMP Hydro	151,831	Water	0	0	0	0	0	0	0
Vergennes Diesel	118	#2 oil	9,383 gal	105	0.16	2.10	0.06	0.55	0.06
Berlin Gas Turbine	1,155	#1 oil	130,935 gal	1,410	0.37	8.00	0.10	0.03	0.04
Gorge Gas Turbine	96	#2 oil	15,440 gal	173	0.27	0.94	0.01	0.00	0.00
Essex Diesel	236	#2 oil	16,912 gal	189	0.3	3.87	0.12	1.03	0.11
Searsburg Wind	10,932	Wind	0	0	0	0	0	0	0
Totals:	164,368			1,877	1.1	14.91	0.29	1.61	0.21
Jointly-owned Units	MWH	Fuel Type	Fuel Volume	CO ₂	SO _x	NO _x	PM ₁₀	CO	VOC
McNeil Wood	25,365	Wood	34,624 tons	247	No Data	No Data	No Data	No Data	No Data

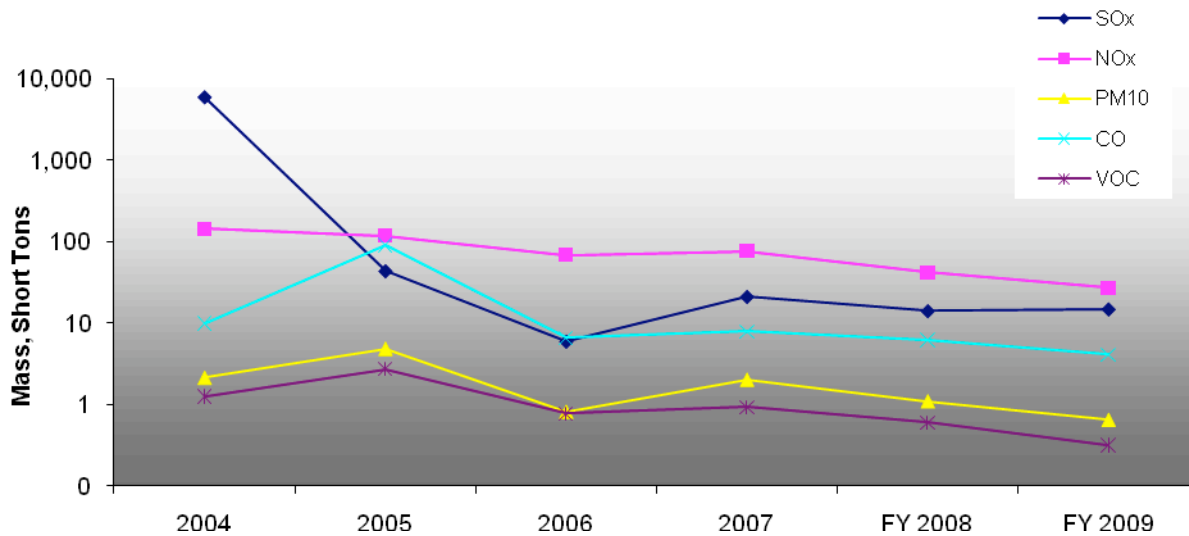
2009 WHOLESALE POWER PROFILE				AIR EMISSIONS IN TONS (SHORT)					
Wyman	2,664	#6 oil	Not Available	2,226	8.65	2.09	No Data	No Data	No Data
Stony Brook	9,687	#2 oil	128,190 gal	2,270	3.44	2.15	0.06	0.70	0.01
Stony Brook		Natural gas	74 mmcf	3,835	0.022	4.32	0.178	0.97	0.07
Totals:	43,667			8,578	12.12	8.56	0.238	1.67	0.08
Power Contracts	MWH	Fuel Type	Fuel Volume	CO ₂	SO _x	NO _x	PM ₁₀	CO	VOC
HQ VJO	747,334	Quebec system	0	96% Hydroelectric					
Vermont Yankee	828,268	Nuclear	0	0	0	0	0	0	0
Stony Brook	4,780	#2 oil	64,496 gal	1,142	1.73	1.08	0.03	0.35	0.00
Stony Brook	0	Nat gas	37 mmcf	1,929	0.011	2.17	0.09	0.49	0.030
VEPPI Ryegate Wood	59,432	Wood	Not Available	--	--	--	--	--	--
VEPP Hydro	65,285	Water	0	0	0	0	0	0	0
NYPA hydro	2,102	Water	0	0	0	0	0	0	0
System and ISO-NE Activity	49,945	NE System	0	0	0	0	0	0	0
NY sales	(10,247)	Quebec system	Not Available	0	0	0	0	0	0
Moretown LFG	17,830	Landfill Methane	Not Available						
Westminster Farm	233	Farm Methane	Not Available						
Totals:	1,764,962			3,071	1.74	3.25	0.12	0.84	0.03
GRAND TOTALS:	1,967,046			13,526	14.96	27	1	4.12	0.32

The following graphs of CO₂ and other air emissions include purchased power:

CO₂ Emissions from Power Generation



Air Emissions from Power Generation



Please note that while Green Mountain Power has data on the amount of CO₂ that is emitted from our power profile, we have not quantified all of the greenhouse gases from our direct emissions, indirect emissions, or operations and do not have immediate plans to do so. However, we have committed to participating in the Chicago Climate Exchange (CCX).

Chicago Climate Exchange (CCX)

Several years ago, we joined the Chicago Climate Exchange (CCX) and voluntarily committed to meeting definite greenhouse gas (GHG) emissions reduction goals. CCX is a self-regulatory exchange that administers the world's first multi-national and multi-sector marketplace for reducing and trading greenhouse gas emissions. We have renewed our relationship with CCX thru 2011 (phase 2). Currently, CCX is focused only on CO₂ for power plants, and we have all the data we need to calculate our baseline (audited by FINRA).

Between 2003 and 2006, we pledged to reduce annual CO₂ emissions, initially by 1 percent then escalating to 4 percent, below a baseline average (based on the annual average of 1998-2001). For 2007-2010, we pledged with CCX to reduce carbon emissions even further by 4.25 percent in 2007, escalating to 6 percent in 2010, relative to the baseline. We reduced emissions by 2,334 metric tons of CO₂ in 2009, reaching our goal of a 5 percent reduction compared to the baseline.

Regional Greenhouse Gas Initiative (RGGI)

We have supported Vermont's agreement to participate in the Regional Greenhouse Gas Initiative (RGGI). Beginning in 2009, RGGI sought to cut carbon emissions from power plants in member states (including Vermont) 10% by 2019 through a carbon cap-and-trade system. We have one existing power facility that is affected by RGGI, an oil-fired turbine in Berlin which only runs a few hundred hours per year. On December 17, 2008, we participated in our first RGGI auction. The clearing price for that auction was \$3.38 per allowance, and we bid on 1,000 allowances to offset the carbon emissions of Berlin. We anticipate 5,000 allowances per year to offset the total carbon emissions of Berlin, which will translate to \$20,000 per year or less. This new cost has not yet affected the operation of Berlin; however, if the cost per allowance increases substantially then it will become a consideration.

T&D System Upgrades and Impacts

Significant upgrades as part of the Northwest Reliability Project have been proposed and approved for the transmission system serving northwestern Vermont. Construction on the line began in February 2006 and was completed in 2009.

Other major transmission reliability projects we are working on with VELCO include: two reliability projects in Chittenden County, called the East Avenue Loop and the Gorge Area Reinforcement; a reliability project in central Vermont, called the Lamoille County project; a project aimed at improving the reliability of Vermont's overall bulk electric system, called the Coolidge Connector; and several other smaller transmission and substation projects.

Smart Grid/eEnergy Vermont

Vermont's utilities, in conjunction with the State of Vermont, have filed a \$66 million application for federal stimulus funds to deploy advanced metering, new customer enhancements, grid automation and security technologies statewide – collectively known as a “Smart Grid.” The grant was approved and will pay up to half the costs of \$133 million in improvements across Vermont. The effort is being referred to as “eEnergy Vermont.” A smart grid delivers electricity to customers using digital technology to save energy, reduce cost and increase reliability and transparency. It can also reduce the need for new transmission lines to carry peak loads.

Sulfur Hexafluoride (SF₆)

Sulfur hexafluoride (SF₆) is a gaseous dielectric used in high voltage electrical equipment. SF₆ is the most potent greenhouse gas with a global warming potential that is 23,900 times greater than that of CO₂. Potential sources of SF₆ emissions include: (1) losses through poor gas handling practices during equipment installation, maintenance and decommissioning; and (2) leakage from SF₆-containing equipment. Our system includes 12 breakers with SF₆, which we monitor closely for leaks. We do not currently belong to U.S. EPA's SF₆ Emission Reduction Partnership for Electric Power Systems, due to our very low use of the gas. In 2008 and 2009, we purchased no additional SF₆ to replace lost gas. Both years we had two small leaks in breakers that required replacement gas. The amount required was very small and difficult to track accurately (less than 5 pounds recorded on the density monitors).

Electromagnetic Radiation

Some people are concerned about potential adverse health effects of electromagnetic radiation emanating from power lines. In the U.S., there are no federal standards limiting occupational or residential exposure to power line EMF. Occasionally, customers who are considering purchasing homes near power lines contact Green Mountain Power for more information. We respond by sending a monitoring team to the site to collect data on the amounts of EMF emitted in the area and give the customer information on the research. Quite often the homes are located far enough from the lines that the home would be considered unexposed, but occasionally homes do have low levels of exposure.

PCBs

Green Mountain Power has been making a significant effort to replace PCB-containing equipment with non-PCB materials (see the Operations section of this report for data on PCB waste generation). Currently, Green Mountain Power does not maintain a complete inventory of all of the equipment that contains PCBs, as testing each small unit (such as pole-mounted transformers) is not practical. However, if a unit requires maintenance or removal, we test for PCBs and ensure that, if present, the units that contain PCBs are replaced. Of the larger units, we know that 31 units have PCBs at a concentration of 50-499 parts per million (ppm). The number of units purchased prior to December 1978 are 14,761 units, and these have the potential to contain PCBs. These units have not been tested for practical reasons. In FY 2009, 55 units were removed that were tested to contain > 50 ppm PCBs.

Impacts on Native Ecosystems and Species

Over the years Green Mountain Power has considered the impacts of its facilities and operations on various native ecosystems and species, including biodiversity-rich areas. See our [2007 Sustainability Report](#) for details on the various flora and fauna that may be impacted by our operations, including bears and birds. One particular animal of interest for our stakeholders is the Common Loon. Green Mountain Power is always interested in supporting efforts to protect Vermont's Common Loon population, as many of the birds live in areas near hydro dams. The following is an excerpt from the Vermont Loon Recovery Project's "2008 Breeding Status of Common Loons in Vermont":

"The Vermont Center for Ecostudies (VCE) and the Nongame and Natural Heritage Program (NNHP) of the Vermont Fish and Wildlife Department (VFWD) continued their statewide monitoring and management program for the Common Loon (*Guvier imber*) for the 31st year. Vermont's breeding loon population reached 61 nesting pairs and a record high 86 territorial pairs. The Common Loon was designated a state endangered species in 1987 and removed from this list in 2005. Vermont's breeding loon

population gradually increased by 1984-1989, stabilized during the early 1990s and 13-16 nesting pairs annually, and increased substantially since 1995. Population numbers and results from the annual statewide loon count, Loonwatch, are presented below:"

Vermont Loon Summary	2005	2006	2007	2008	2009
Nesting Pairs	53	58	62	61	66
Successful Nests	47	44	47	49	53
Territorial Pairs	72	77	83	86	90
Chick surviving through August	57	56	56	55	74
Chick survival rate	84%	85%	79%	73%	89%
Loonwatch # adult loons in VT	191	201	218	225	228

For more information and complete data since 1997, contact the VLRP, Eric Hanson, VLRP Biologist (802-586-8064, ehanson@vtlink.net).

Biodiversity-Rich Habitats

Green Mountain Power owns several parcels of land that are likely home to biodiversity-rich habitats, although studies confirming this have not yet been performed. See our 2007 Sustainability Report for a complete list of these parcels. EN11 and EN12, EN 14, and EN15

SECTION 4: RESOURCE USE AND OPERATIONS

Energy Use and Efficiency

We have made significant efforts over the years to reduce the energy use of our buildings. Each employee works in an open work area that fosters transparency and communication throughout the organization. In some of our buildings, we have a daylight control system where lights within the building dim as more daylight enters the building. Employees are also able to control how much lighting is allowed in the building by the use of skylights and high-efficiency T-8 lamps and ballasts.

In 2008, we completed several new projects to further enhance the energy efficiency of our spaces. In November, groSolar installed a four kW solar power system at our Colchester headquarters. The system is used to power a two-car Toyota Prius fleet that we converted into plug-in hybrids (PHEVs). The solar-charged vehicles boast mileage in the neighborhood of 100 miles per gallon for local trips and are among the cleanest vehicles on the road today.

In 2009, we continued to make improvements to increase our energy efficiency, including:

1. **Installation of a Solar Hot Water System in our Colchester Headquarters.** Specifically, four solar hot water panels cover 25 ft² of roof surface area. These will save a minimum of 849 kWh per year. We hope to eventually incorporate them into our baseboard heater system as well, garnering additional heating and savings through any excess heat.
2. **Transformer & Electrical Maintenance Shop Heated by Waste Oil Burner.** The burner will consume about 1,750 gallons of used oil from fleet and plant use (*not* used oil from transformers). This will replace a natural gas heater and reduce natural gas use by approximately 4,000 cubic feet per year. By saving around \$6,000 per year in natural gas costs, the payback on this installation is about 2 years. Prior to this installation, the used oil was transported to Buffalo, NY where it was refined and sold to businesses and homes as heating oil. Implementation of this system reduces transportation emissions, energy used for refining, natural gas use, and saves money.

Westminster Service Center

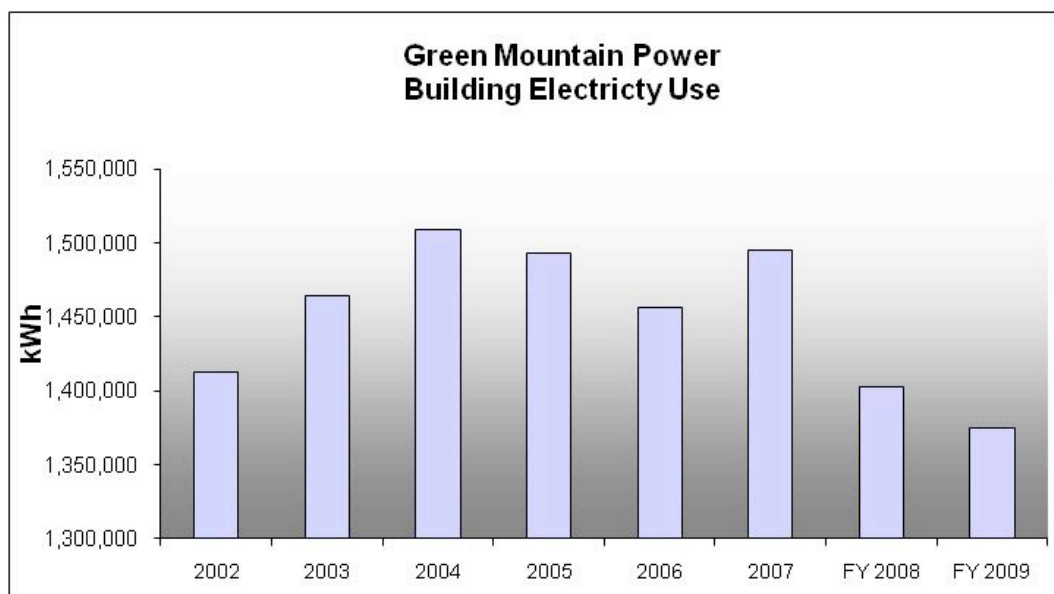
Another exciting project was our new Westminster service center, which was specifically designed to be as sustainable as possible. Here are a few highlights from the project, which transformed an abandoned building into a high-performing facility:

- In partnership with groSolar, we installed a 308-panel, ground-mounted, 58 kW solar system to supply two-thirds of the annual electricity consumption of the building. This installation tied for the 2nd largest solar power system in Vermont when built.
- In our first full year of operations we used 13% less energy than the projected 100,000 kWh of electricity, even with 46% more square footage than our previous building.
- The building has lighting control timers and occupancy sensors (which reduces the energy demand by 30,000 kWh per year), low-flow water fixtures, Energy Star windows, and a specially designed heat reflecting roof.
- Local building materials were used, existing bricks were crushed and reused for fill, and 50% of the deconstructed materials were reused locally or recycled.
- Low VOC paint, carpet, and adhesives were used, as well as recycled rubber flooring.
- The low-maintenance landscaping relies on native species, and the lampposts outside are fitted with outlets for PHEVs.

Overall, we consider the Westminster project to be a tangible manifestation of our commitment to full lifecycle sustainability. We encourage our peer companies in Vermont to prioritize energy efficiency and alternative energy as well. One example of this is our partnership with Hannaford, National Life and Green Mountain Coffee Roasters to install solar panels on their buildings.

Trended Data for Building Electricity Use

The following figure compares our overall energy use from 2002 to 2009. The variations are largely due to changes in use of some of the buildings, such as consolidating operations and then later adding tenants to the same meter. The decrease since 2004 is a direct result of energy efficiency initiatives in our building operations. Our most significant success was implementing an HVAC cooling system in our server rooms to take advantage of outdoor cold air in the winter. Also, our energy efficient building in Westminster doubled our operating space but reduced our electrical load by 25% (30,000 kWh) from the previous Bellows Falls location. We installed an electric heating system (transferred from propane) in Montpelier, which increased usage.



EN3, EN4

Year	kWh USE BY FACILITY							
	Colchester	Westminster ⁷	Vergennes	Montpelier	Wells River	White River	Wilmington	Total
	<i>Building Electricity Use (kWh)</i>							
2001	899,200	122,240	37,381	350,880	16,570	42,997	43,874	1,513,142
2002	839,200	123,520	28,171	317,280	16,006	44,448	44,272	1,412,897
2003	878,400	130,800	27,694	329,120	14,858	40,607	42,444	1,463,923
2004	888,032	117,440	26,574	377,760	14,924	48,811	35,467	1,509,008
2005	868,600	119,600	3,020	394,080	16,064	49,882	41,817	1,493,063
2006	819,400	111,120	32,541	387,200	17,870	47,548	40,993	1,456,672
2007	921,400	114,960	33,882	320,960	17,323	47,820	38,428	1,494,773

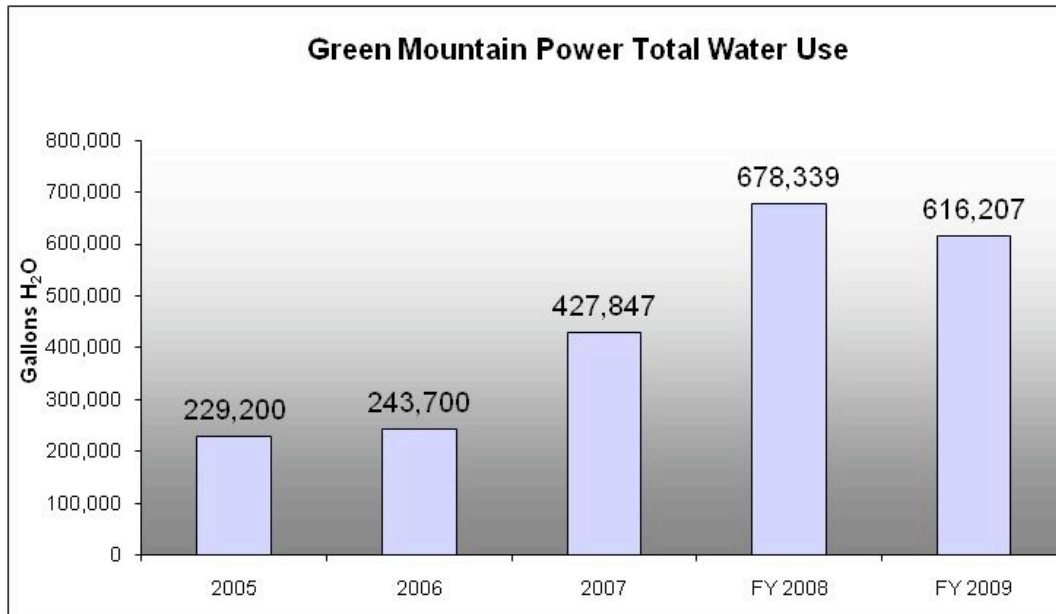
⁷ This location was previously known as Bellows Falls.

2008	845,200	79,092	27,989	352,160	17,691	40,099	40,293	1,402,524
2009	798,037	76,895	25,839	368,960	17,599	45,753	41,942	1,375,025

Please note that the totals for Westminster (prior to 2008), Montpelier, and Wells River include energy consumed by additional tenants in the buildings. We have determined that it is not economically advantageous to segregate our electricity usage from other tenants.

Water Use and Impacts

ANNUAL WATER USAGE BY FACILITY								
Year	Colchester	Westminster	Vergennes	Montpelier	Wells River	White River	Wilmington	Total
<i>Building Water Use by Facility (gallons)</i>								
2005	N/A	38,896	N/A	165,000	N/A	30,668	N/A	234,564
2006	N/A	17,300	N/A	177,000	N/A	22,440	N/A	216,740
2007	255,700	38,749	N/A	86,000	17,478	29,920	N/A	427,847
2008	464,804	21,710	18,427	133,001	5,771	3,928	30,698	678,339
2009	408,800	8,623	24,569	163,002	2,437	3,568	5,208	616,207



EN8

Notes on Water Usage at Certain Locations

- **Colchester:** Due to inaccurate metering, the Colchester service center water usage had been significantly underreported for several years. The 2007 data for Colchester was an estimate, but the 2008 data is accurate. Also, water meters are now installed in all locations (which helps to

explain the rise in water use in 2008). The Colchester building utilizes a closed-loop system, which uses a radiator to cool and a highly efficient boiler to heat. We also installed automatic shut-offs on low flow fixtures in the rest rooms of each office to conserve water.

- **Westminster:** Please note that the Westminster location used to be the “Bellows Falls” location. The new Westminster facility is more efficient than the previous Bellows Falls location, particularly with respect to water conservation. The main differences for the reduction in water consumption between the Bellows Falls and Westminster facilities (a sharp decrease between 2008 and 2009) are as follows: (1) the Westminster site does not have a cooling tower as the Bellows Falls building did, so we avoid the loss of water evaporating from the tower; (2) there are no heat pumps (no water loss in the loop system) and no water loss from the megatherm boiler that provides heat to the building and systems; and (3) a decrease in headcount between the two buildings occurred as we no longer have other, non-Green Mountain Power tenants (a doctor’s office) that consumed and used water from our Bellows Falls facility.

The only facility where stormwater may be impacted by operations is at our Colchester location, where we practice good housekeeping and continuous maintenance to ensure the proper operation of our stormwater collection system.

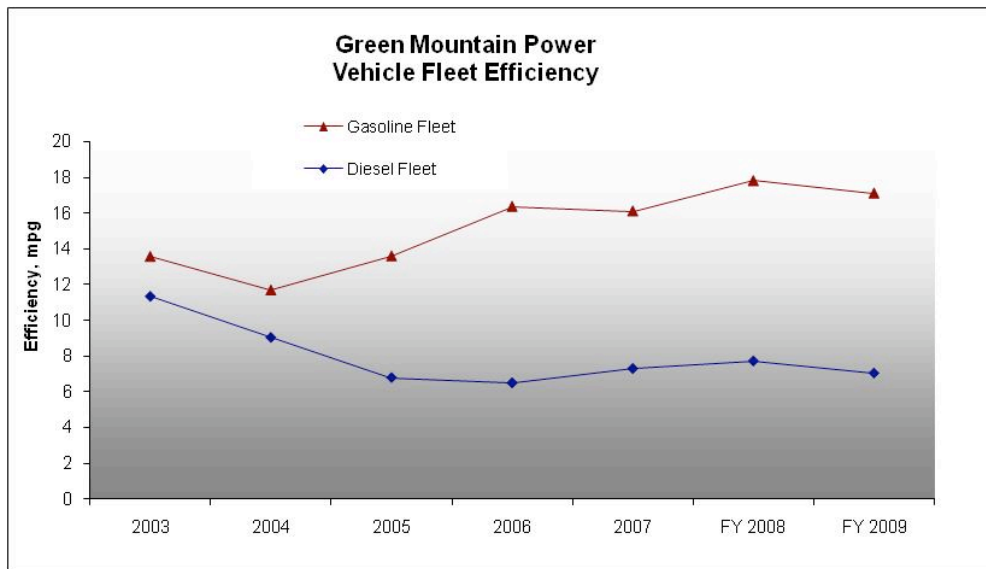
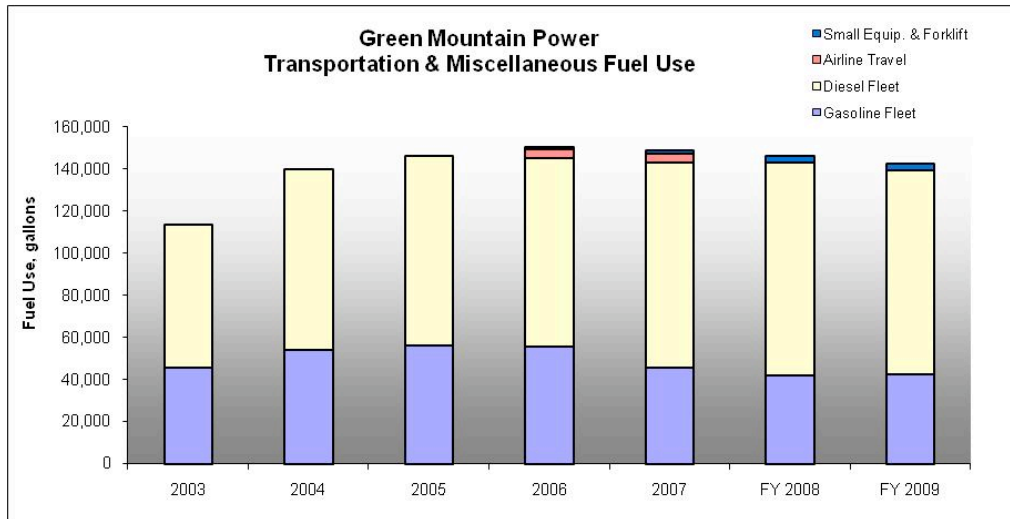
For more information on environmental impacts to water from power generation (including hydro power), see our 2006 and 2007 Sustainability Reports.

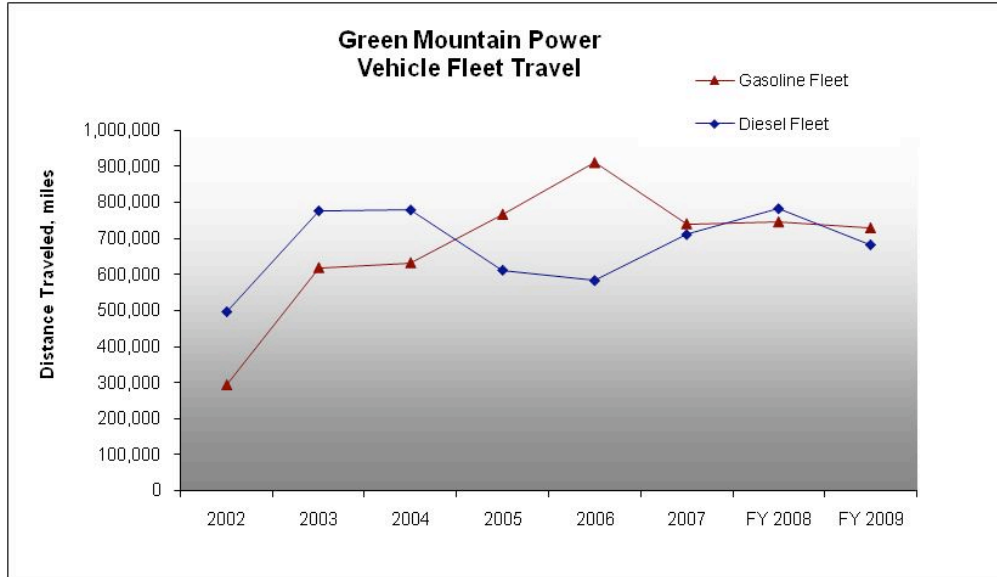
Transportation

Green Mountain Power has recognized the potential impact of vehicle use on the environment, as well as the link between vehicle fuel use and climate change. We have taken the following steps to minimize transportation impacts while not sacrificing our commitment to reliability and customer service:
EN29

1. **Fuel Efficiency.** In the last three years we've improved fuel mileage over 25% through the purchase of smaller vehicles and hybrids, and two conversions of hybrids to plug-in hybrids.
2. **Hybrids.** Green Mountain Power currently owns eighteen hybrids (Toyota Priuses and Ford Escapes) which comprise 16% of our fleet of vehicles. Each hybrid vehicle has an improvement of greater than 15 miles per gallon over the vehicle it replaced. Early in 2009, we put our first hybrid bucket truck into service. The truck lowers fuel usage up to 60%, idling time by 87% (which saves fuel and reduces noise) and maintenance costs due to reduced use of the diesel engine.
3. **Biodiesel.** Since 2005, we have required a 20% biodiesel mix (B20) in larger vehicles in the summer and a 5% biodiesel mix (B5) in winter. All vehicles that fuel up at our Colchester, Montpelier and Westminster facilities run on biodiesel.
4. **Non-Idling Policy.** Our policy strongly discourages field employees from idling vehicles, unless it’s necessary during winter months for safety reasons.
5. **Carpooling.** While carpooling is encouraged and some employees do take advantage of it, recent employee feedback indicated that very few take advantage of it due to different schedules and other reasons. Like other companies, we continue to struggle with how to make carpooling attractive, particularly during times when gas prices seem “reasonable.”
6. **Vehicle Performance and Service Life.** We follow a regular preventive maintenance schedule for all equipment. We purchase high quality oil and filters to extend service intervals, which minimizes resource use while maximizing vehicle performance. We also fill vehicle tires with nitrogen to improve fuel efficiency and extend tire life.

The following transportation fuel use and efficiency data is based on 106 vehicles from all seven districts (Colchester, Vergennes, Montpelier, Wells River, White River Junction, Westminster and Wilmington). EN4





Resource and Raw Use (EN1)

Green Mountain Power maintains approximately 50,000 items in its existing inventory, which are organized by 50 stock categories (i.e., transformers, reclosers, etc.). The following data represents usage of some of these items from 2006-2009:

RAW MATERIAL USAGE: 2006-2009				
Year	Utility Poles	Transformers	Wire & Cable (feet)	Notes
2006	937	851	795,032	includes all poles, wire, & cable
2007	900	1049	695,947	includes all poles, wire, & cable
2008	961	642	848,717	includes all wooden poles, wire, and cable
2009	788	678	636,338	includes all wooden poles, wire, and cable

Year	ANNUAL FUEL USE FOR BUILDING HEAT BY LOCATION							
	Colchester	Bellows Falls	Vergennes	Montpelier	Wells River	White River	Wilmington	Total
<i>Building Heating Fuel Use by Facility, Hundred Cubic Feet (CCF) of Natural Gas / Gallons of Propane</i>								
2006	19,108 ccf	2,310 gal	1,833 gal	10,618 gal	N/A	3,291 gal	2,981 gal	N/A
2007	20,268 ccf	2,625 gal	2,128 gal	17,489 gal	N/A	4,066 gal	3,098 gal	N/A
2008	17,050 ccf	3,966 gal	1,933 gal	15,153 gal	N/A	4,308 gal	2,659 gal	N/A
2009	17,373 ccf	3,938 gal	2,470 gal	7,229 gal	N/A	4,564 gal	3,097 gal	N/A

Year	ANNUAL FUEL USE FOR BUILDING HEAT BY LOCATION							
	Colchester	Bellows Falls	Vergennes	Montpelier	Wells River	White River	Wilmington	Total
	<i>Building Heating Fuel Use by Facility, Hundred Cubic Feet (CCF) of Natural Gas / Gallons of Propane</i>							
	<i>Energy Used for Building Heat, MBTU</i>							
2006	20	211	167	970	N/A	301	272	1,941
2007	21	240	194	1,597	N/A	371	283	2,707
2008	18	362	177	1,384	N/A	393	243	2,577
2009	18	360	226	360	N/A	417	283	1,662

We rent our space in Wells River and currently have no way to capture the portion of fuel that we use. To rectify this, we recently requested copies of the fuel bills from the landlord to estimate our fuel usage based on the percentage of the building that we use (on a square footage basis).

Herbicide Use

In the calendar year 2009, our contractor applied herbicides to 59 locations including substations and the Montpelier pole storage yard which encompassed a total treatment area of 20 acres. The total quantity of herbicide used was approximately 10.7 gallons.

Purchasing Policy

While Green Mountain Power does not have a formal Sustainable Purchasing Policy, there are aspects of its existing purchasing policy that encourage purchase of sustainable goods and goods/services from companies with strong environmental records. The following is an excerpt from our purchasing policy:

“Preference should be given to...suppliers who are proven to be environmentally friendly in their daily work practices and attributes, maximize Post Consumer Recycled content, minimize toxicity and packaging, or have any other environmentally preferable attributes, without sacrificing price, quality, and delivery requirements.”

Our purchasing policy also specifies that priority should be given to “suppliers located near the company operation.” Green Mountain Power’s main distributor (60-70% of supplies) is located locally, in White River Junction. EC6

Our stakeholders have raised the question of whether we belong to the Electric Utility Sustainable Supply Chain Alliance. While it is currently not cost effective for us to belong to this alliance, we have been following the group’s work to help us in our efforts to improve, and we will consider participation in the future.

Wastes and Recycling

The following waste data represents the total for all company locations. EN22

WASTE DATA FOR 2006-2009						
Description of Waste (units)	2006	2007	2008	2009	Waste Destination or Disposal Method	Notes and Minimization Strategies
Ozone-Depleting Substances (e.g., Freon)	0	0	15 lb R-22 Freon	10 lb R-22 Freon	Vermont Heat and Ventilating reclaims gas and disposes.	We are phasing out R-22 heat pumps and going with a new 410A "earth friendly" Freon.
Herbicides (lb)	157.7	161.3	Minimal (mostly contaminated PPE)	Minimal (mostly contaminated PPE)	Vendor disposed of waste (mostly PPE) according to applicable regulations.	Green Mountain Power has not used herbicides on rights-of-ways for nearly 20 years. This year we reconsidered using herbicides for economic and reliability reasons, but determined that additional customer education would be necessary before we would change our practice. We do use limited herbicides in our substations.
Municipal Solid Waste (tons)	73.43	33.71	66.5 tons	62.47 tons	Local landfill.	A portion of clean wood that would have gone to the McNeil biomass plant was contaminated and therefore sent to the landfill.
Treated Wood (tons)	51.55	26.51	13.44 tons	30.02 tons	Coventry landfill	
Scrap Metal (tons)	84.86	92.82	95.15 tons	78.72 tons	Recycled.	
Non-Hazardous Waste (lb)	80,843	154,354	1,337,227	136,996	Transformers go to TCI in New York and are dismantled, and the components are recycled. Oil is shipped to Cyn Environmental in Stoughton, MA for recycling and resale for industrial burners.	1,337,227 pounds of waste were generated in 2008 as a result of phase II of the Marshfield Penstock upgrade. Details of this upgrade are included in our 2008 Sustainability Report.
Hazardous Waste (lb)	15,015	415,953	29,629	13,310	Oily solids are shipped to BFI-Niagara Falls which is a Class C Subtitle Landfill. Mercury bulbs are shipped to Complete Recycling Solutions in Fall River, MA for reclamation.	We practice hazardous waste minimization to the extent possible. Waste in 2009 included oily absorbents and debris from vehicle maintenance and our power generating plants. Other wastes: mercury waste from broken light bulbs, citrus-based solvents

WASTE DATA FOR 2006-2009						
Description of Waste (units)	2006	2007	2008	2009	Waste Destination or Disposal Method	Notes and Minimization Strategies
						contaminated with oil and grease, and a waste fuel/water mixture. [EN31]
Universal Waste (lb)	1,795	1,836	2,722	2,325	All UW are shipped to Complete Recycling Solutions in Fall River, MA for reclamation.	Universal waste is recycled. Includes batteries, mercury-containing light bulbs, and light ballasts.
PCB Waste (lb)	34,955	13,839	2,643	3,544	PCB wastes are shipped to the TCI facility in Pell City, AL for incineration.	Includes PCB waste with >50 ppm PCBs, which is regulated as VT01 waste. We try to <u>increase</u> the amount of PCB oil waste generated, because this means that the PCB oil is being phased out of equipment and replaced with non-PCB oil. The trend here indicates that the remaining number of PCB transformers in service is quite low.
Al Wire for Recycling (lb)	65,293	58,018	52,901	65,444	Recycled	
Cu Wire for Recycling (lb)	30,567	53,111	46,386	64,851	Recycled	
Petroleum-Contaminated Soil (tons)	38.69	872	5	47	Diverted to Berlin Land Farm	Berlin Land Farm uses bioremediation to treat soils that are less than 5% total petroleum hydrocarbons by weight. The process includes amending the soil with organic material (cow manure), tilling and natural aeration. The soil is treated until it tests clean. This natural treatment technology is preferable to landfilling. EN2, EN22

EN24

RECYCLING METHODS BY MATERIAL TYPE	
Waste Stream	Recycling Methods
Wire	Waste wire is carefully sorted for scrap metal recycling (i.e., wrapped copper wire is separated from bare copper wire).
Transformers	Recycled through TCI in New York.
Oil Filters	Crushed on-site and then sent off-site as scrap metal.
Batteries	Managed as universal waste, which is recycled.
Fluorescent Light Bulbs	Managed as universal waste, which is recycled.
Computer Components	Recycled by Good Pointe Recycling in Middlebury, VT

RECYCLING METHODS BY MATERIAL TYPE	
Waste Stream	Recycling Methods
Scrap Steel and other Scrap Metal	Recycled through All Metal Recycling, Inc.
Antifreeze	Recycled on-site and reused, or sold to recyclers for reuse.
Oily Rags	A rag laundering service is used for oily rags so that they can be reused.
Freon	Recovered and reused.
Tires	Tires for larger vehicles are re-treaded and reused.
Waste Oil	Recycled through oil supplier.
Petroleum-Contaminated Soil	Diverted to Berlin Land Farm (see above) EN2, EN22

Releases (EN23)

In 2009, 176 gallons of petroleum products were spilled. One spill alone accounted for 120 gallons of mineral oil spilled. This spill was into a transformer vault. Remediation involved vacuuming the oil out of the vault, which served as spill containment. Other spills were mineral oil from leaking or damaged transformers and hydraulic leaks from line and bucket trucks. Hydraulic hose failures are common for the utility industry as the hoses used on our trucks must be non-conductive electrically. Therefore, we can not use steel braided or enforced hydraulic hoses, which would pose significant danger to lineworkers. Hoses are inspected regularly, but pinhole leaks manifest without warning. We use a soy-based hydraulic fluid in all of our new trucks and are switching to this in our current trucks as they are serviced. All spills from FY2009 are cleaned up and closed.

Pine Street Barge Canal

Green Mountain Power was among those named by the U.S. Environmental Protection Agency (EPA) in 1982 as partly responsible for the contamination of the Pine Street Barge Canal in Burlington, VT. In 1998, EPA directed responsible parties to pay \$4.3 million for site remediation activities that involved containing canal contamination with an underwater cap, restoration of wetlands, and a long-term maintenance and monitoring program. For more information, see the U.S. EPA [fact sheet](#).

Recently, a small amount of coal tar was found to be leaking from the heavy cap of sand that was designed to keep the contaminants away from Lake Champlain. This situation is being monitored, and a \$2.6 million remediation plan is under development. Work began on the remediation plan in summer 2009, and monitoring will continue.

SECTION 5: EMPLOYEES

The work environment at Green Mountain Power is unique. At our headquarters, the office space is completely open, including conference rooms that are open or have glass walls. Each person's cubicle is the same size and has low partition walls (even the President's), and there are no private offices. This open work environment both reflects and encourages the company's approach – to flatten the organization, to push down responsibility and decision-making, and to insist on direct and open communications. Our hope is that employees have embraced this non-traditional corporate environment, taking great pride in a heightened sense of responsibility for individual decision-making.

Employees interviewed during the stakeholder engagement sessions echoed this, but did have several concerns. Some of them noted that despite efforts to bring different employees together, there is invariably an “upstairs-downstairs” feel at certain locations. This is somewhat inevitable as the company has different types of employees who do very different types of work (lineworkers vs. customer service specialists vs. corporate staff). Other employees expressed concerns about inconsistent communication between different employee groups and offices. This is alleviated by the “Town Meetings” that Mary Powell (President/CEO) has at the various locations on a routine basis. Finally, there was a concern that, as such a lean organization, some people may feel overwhelmed at times. We do not think our company is unusual in this way or that this is a significant material issue. In general, our employee feedback has shown that our employees are very satisfied working at Green Mountain Power.

In general, employees who participated in the stakeholder engagement sessions felt that Green Mountain Power is an excellent, stable employer. This is particularly important now in a time when many Americans' job security may seem tenuous. As one employee (Jeff H.) put it, “...regardless of what may or may not be working, there is a great feeling of ownership and pride in the quality of service that everyone delivers – true gut-level brand loyalty.”

EMPLOYEE SUMMARY FOR FY 2009	
Regular Employees (full-time):	190
Regular Employees (part-time):	3
Breakdown of Employee Groups:	Power Generation (12); Transmission and Distribution (101); and Retail (80)
Temporary Employees:	6
Contracted Employees:	0
Employees Retained in Conjunction with Other Employees:	0
Number of full-time personnel assigned to environmental management:	1 (also responsible for safety)
Employee Turnover Rate:	5.2%
Employment Creation Rate:	0
% Union Employees:	56%
Total Hours Worked by Employees in 2009:	440,078
Union Contract:	Agreement as Amended between Green Mountain Power Corporation and International Brotherhood of Electrical Workers Local #300 (January 1, 2008 thru December 31, 2012).

EMPLOYEE SUMMARY FOR FY 2009																			
Senior Management:	Four officers including two men and two women: Women: president & CEO; CFO Men: General Counsel; VP Risk Management																		
Board of Directors:	Nine members (including two women and one African American man)																		
Number of Employees who live in Vermont:	190																		
Lowest Wage Rate	\$14.67 (as compared with local minimum wage, which is \$7.53). EC5																		
% of Employees Over 50 (future indicator of skilled labor)	40% (23% of our workforce is eligible to retire in the next 5 years).																		
Ratio of Basic Salary of Women to Men by Employee Category	<table border="1"> <thead> <tr> <th>Position</th> <th>Difference: Female vs. Male</th> </tr> </thead> <tbody> <tr> <td>Officers/Manager</td> <td>14.78%</td> </tr> <tr> <td>Professional</td> <td>-17.63%</td> </tr> <tr> <td>Technician</td> <td>-10.35%</td> </tr> <tr> <td>Office/Clerical</td> <td>N/A</td> </tr> <tr> <td>Skilled/Craftsman</td> <td>N/A</td> </tr> <tr> <td>Semi Skilled/ Operative</td> <td>-33.80%</td> </tr> <tr> <td>Laborer</td> <td>N/A</td> </tr> <tr> <td>Average:</td> <td>-12.24%</td> </tr> </tbody> </table>	Position	Difference: Female vs. Male	Officers/Manager	14.78%	Professional	-17.63%	Technician	-10.35%	Office/Clerical	N/A	Skilled/Craftsman	N/A	Semi Skilled/ Operative	-33.80%	Laborer	N/A	Average:	-12.24%
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LA1, LA2, LA4, LA14

We continually analyze our gender discrepancies to understand key drivers. In 2008 our overall ratio improved by 2% as our CEO shift in August 2008 put a woman at the CEO position, a rarity at the executive level of the utility world.

RECRUITMENT AREAS	
Position	Recruitment Area
Officer/Manager	VT 75% U.S. 25%
Professional	VT 75% U.S. 25%
Technician	VT 90% U.S. 10%
Office/Clerical	VT 100%
Skilled/Craftsman	VT 50% U.S. 50%
Semi Skilled/Operative	VT 50% U.S. 50%
Laborer	VT 100%

EC7, LA1

Source: Availability Analysis per 41 C.F.R. § 60-2.14.

Subcontractors

Our subcontracted workforce is on a short-term, job-by-job basis and we do not have a specific number for 2009 subcontractors. We ensure safety training is conducted at each jobsite for subcontractors as part of our safety policy and jobsites are regularly overseen to ensure task and safety compliance. For more information on subcontractors, see the Our Material Issues section of this report.

Benefits

Our health and welfare benefits are offered equally to full and part-time employees, but are not provided to temporary employees. All individual employee performance reviews are conducted on a regular basis by managers. We strive to ensure each employee receives at least one performance review per year. LA3, LA12 and EU15

Watson Wyatt's conclusion in its pension contribution report and SFAS 8 expense is that funding levels for Green Mountain Power's defined benefit plan obligations are adequate. EC3

Our benefits exceed what is legally mandated and include the following:

- We support alternative work schedules to accommodate employees' needs and maintaining a healthy work-life balance.
- Our 401(k) plan includes a monthly company match in addition to a Company contribution. New hires are 100% vested after one month of employment if they work at least 20 hours per week.
- A defined benefit pension plan was available to eligible employees who were hired prior to January 1, 2008. Employees are offered an enhanced Company contribution to their 401(k) in place of eligibility to participate in the defined benefit plan.
- Insurance plans provide medical, dental, vision and prescription drug coverage. The company adopted a Premium Incentive Program in 2007 that went into effect on January 1, 2008. This program allows employees to qualify for health care premium discounts when certified by a physician that they have committed to certain healthy lifestyle choices (e.g., free of tobacco use, obtain annual physical and age-appropriate screenings, etc).
- Flexible spending accounts allow employees to pay for eligible out-of-pocket medical, dental and vision expenses and dependent care with pretax dollars.
- Employees have all been granted Company Stock annually since 2000; however, this program was replaced with a cash-based Long Term Incentive Program in 2007.
- Employees have indicated that they appreciate the option to participate in volunteer work on company time (e.g., 1/2 day per year). Although there is no formal program in place, Green Mountain Power is extremely supportive of employees who want to alter their work schedule to do volunteer work in our community. Also, every employee who donated the equivalent of a day's pay to the United Way campaign in 2009 got an extra paid day off from the Company.

Growth and Training

Green Mountain Power will reimburse eligible employees for 80% of the cost of tuition, lab fees, library fees, and deferred payment charges. Green Mountain Power also provides full-time employees with a no-interest loan to purchase computer systems. LA11 and EU15

Our 2009 corporate budget included \$235,800 for employee development and training. This represents an average of over \$1,222 per employee. LA10 and EU15. Employees are also offered various professional and personal development opportunities as part of Next Generation University (also known as “Green Mountain Power U”). A variety of free courses are offered to employees such as Yoga, Nutrition for Your Lifestyle, Environmental Practices for Everyday, Community Projects, Email Writing for Results, Coaching and Feedback for Peak Performance, Adult CPR and AED training and a range of computing and technology classes.

The amount spent on training in 2009 is substantially greater than in FY 2008 not because there was more training, but because we are accounting for training differently. We are now incorporating the full cost of training, including travel and meals associated with the training. We are planning on using this method of accounting going forward.

Diversity

Green Mountain Power is an Equal Employment Opportunity Employer and will not discriminate against any employee or applicant for employment for any reason or reasons related to an individual’s race, color, religion, sex, national origin, sexual orientation, disability, age, or any other legally protected status. We are fully committed to the concept and practice of equal opportunity and affirmative action in all aspects of employment. Green Mountain Power’s Affirmative Action Plan (AAP), which has been developed in strict reliance upon the Guidelines on Affirmative Action issued by the Equal Employment Opportunity Commission (EEOC) (29 C.F.R. Part 1608), is intended to establish a policy of providing equal employment opportunity. It is not intended to discriminate against an individual or group of individuals with respect to any employment opportunities for which they are qualified on the ground that they are not beneficiaries of affirmative action themselves.

GREEN MOUNTAIN POWER WORKFORCE				
Ethnicity	2006	2007	2008	2009
White Male	140	139	142	143
Black Male	1	1	1	1
Hispanic Male	1	1	1	0
Asian Male	2	2	1	1
Native American Male	0	0	0	0
White Female	50	50	48	48
Black Female	0	0	0	0
Hispanic Female	0	0	0	0
Asian Female	1	0	0	0
Native American Female	0	0	0	0
Total:	195	193	193	193

Please refer to Green Mountain Power’s EEO Consolidated Report and AA Comp Summary for more information.

Wellness Programs

One of the five Critical Success Factors for Green Mountain Power is to have “outstanding, motivated employees.” Therefore, employee safety and wellness are key business initiatives. Safety has been identified as a top material issue for our company and is addressed in detail in the Materiality section of this year’s report. Examples of company-wide wellness programs include:

- **Injury Health Management Solutions (IHMS)** – Provides on-site “preventive body maintenance” evaluations, therapy and rehab programs at no cost, during work time, to any employee who experiences an ache/pain or injury, whether work related or not. The Baseline program offered to all employees measures 27 key measures of personal fitness including flexibility, core abdominal strength, and body fat percentage. For any measures that do not meet general healthy baselines, there is a program and suggestions are provided for improvement, then a re-test annually. An incentive is given for employees who meet thresholds on 50% of their targeted improvement categories.
- **Tobacco Free Workplace** – We are a tobacco-free work place, including all of our grounds, property and work sites, and we continue to offer incentives to quit tobacco use.
- **Other** – We also provide monetary incentives, free gifts (such as water bottles), free healthy food at work (nuts, yogurt, cheese, fruit) in lieu of junk food vending machines, free flu shots on-site and interest-free bicycle loans.

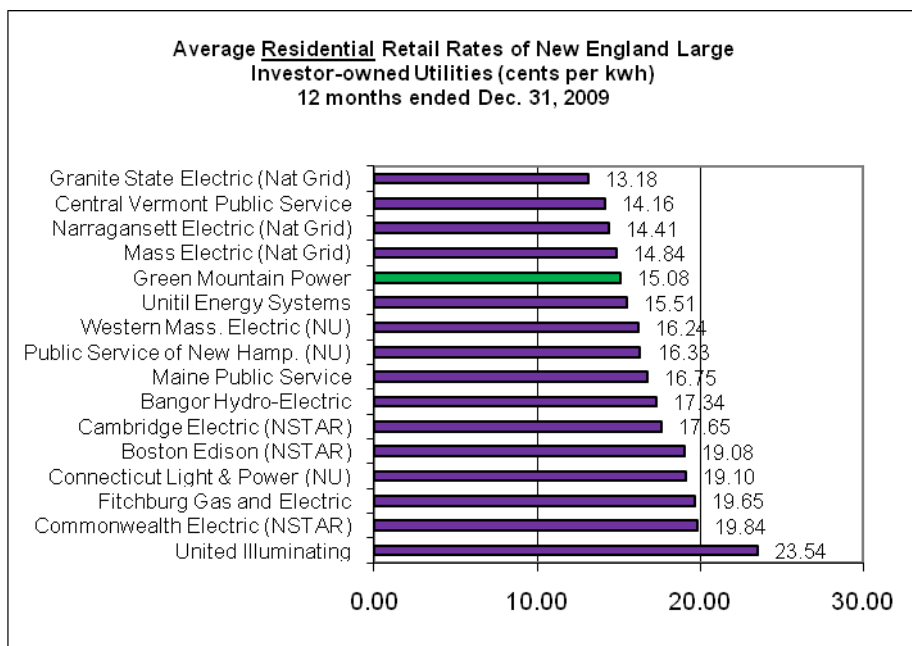
SECTION 6: CUSTOMERS AND COMMUNITY

At the core of our brand is reliability. Reliability is crucial to supporting our communities and ensuring that our tagline, “On. Every Day” remains authentic. In the past, it has been a challenge to overcome the public’s perception of what an electric utility can be. We believe that with reliability, affordable rates, giving back to communities, and investing in technology, we have truly enhanced our image in the minds of Vermonters and solidified our brand.

The cost of electricity is a major factor for the economic health of our Vermont communities. Electric rates in New England are among the highest in the country, but Green Mountain Power’s overall rates rank lowest among New England’s 16 large investor-owned utilities. According to our CEO Mary Powell, “Other utilities across New England have experienced large rate increases because of rising fossil fuel costs. Our exposure to the volatility of the fossil fuel market has been minimal.”

Average Residential Rates of New England Large Investor-owned Utilities

Our rates have a direct economic effect on our residential customers, in that the size of their electricity bill affects the amount of disposable income they have to spend in the local market. The following figure shows how Green Mountain Power’s residential rates compare with the other large investor-owned utilities in New England.

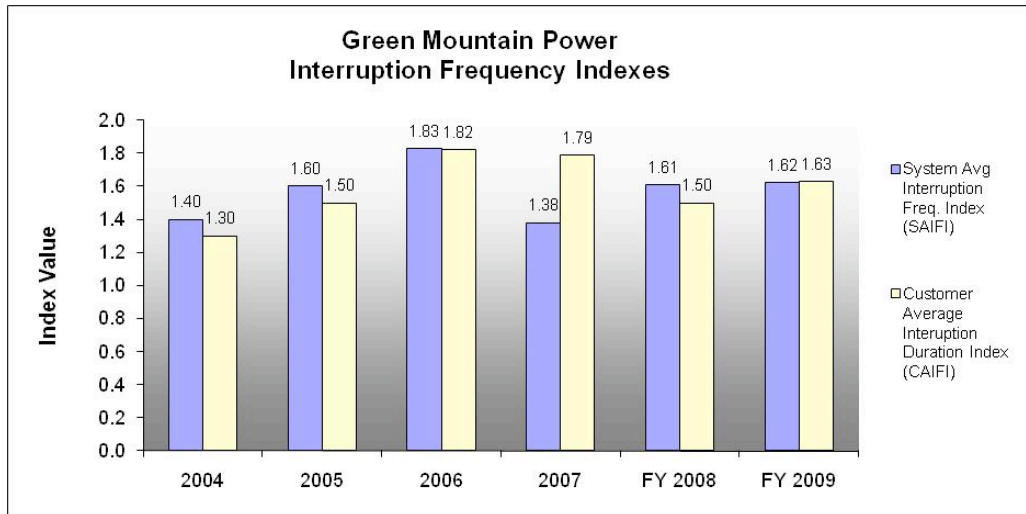


Also, the reliability of our service also has positive indirect economic impacts. If reliability were not as strong as it is, it could affect businesses’ decisions to locate or remain in Vermont.

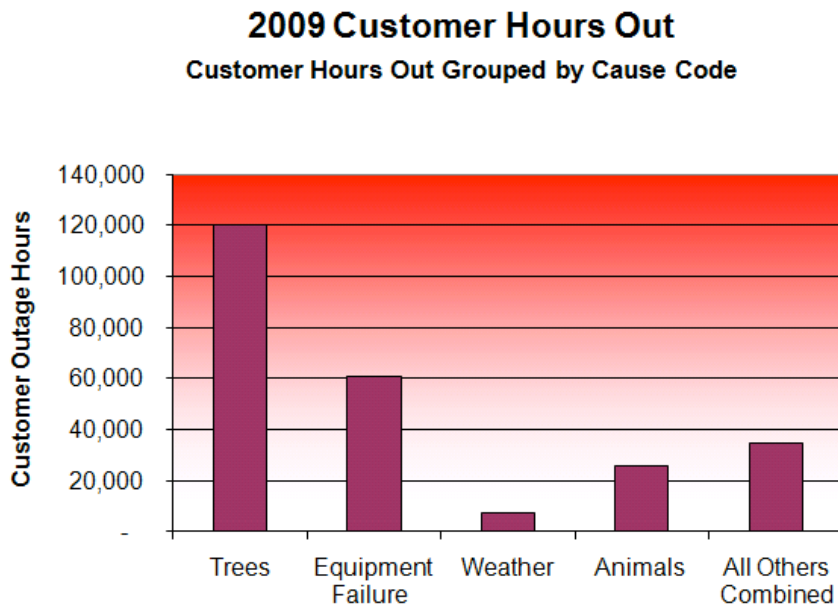
Reliability and Retail Sales Statistics

We have committed to our stakeholders to reduce the frequency and duration of outages. Our results for 2009 with respect to System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI) are shown below. SAIFI is the ratio of the total number of customer power interruptions to the total number of customers served. In general, the higher the SAIFI

number, the less the reliability. CAIDI is a ratio of the total amount of time customers' power was interrupted to the total number of customer interruptions (in other words, the average outage duration). The higher the CAIDI number, the less the reliability.



Our reliability this year was challenged largely by tree-related incidents (trees accounted for 48% of all Customer Hours Out for the year) followed by equipment failures (28% of all CHO for the year). The following graph compares the various causes of power outages.



Despite a slighter higher SAIFI, our CAIDI improved from last year due to our ability to get power back to our customers more quickly. So there may have been more outages, but we were quicker in responding to them.

Service Quality Performance Index

The Company did well with respect to its service quality standards in 2009, as compared with 2008.

Performance Area	2007	2008	2009	Baseline⁸
% calls not answered in 20 seconds	14.6	21.8	13.4	≤ 25%
# calls abandoned	4	6.6	4.4	≤ 5%
% outages calls not answered	11.7	8.7	4.8	≤ 15%
% calls receiving busy signals	1.56	0.53	0	≤ 3%
% bills rendered in 7 days	100	100	100	≤ 10%
% inaccurate bills	0.018	0.013	0.014	≤ 0.10%
% payment posting complaints	0.002	0.002	0.002	≤ 0.005%
% meters not read	0.668	0.53	0.51	≤ 5%
% work not completed on time	0.02	0	0	≤ 5%
Avg. delay days for missed appointments	2.8	5	0	≤ 5
Satisfaction with transactions	93	89.5	86.8	> 80%
Overall satisfaction	89.6	91.4	91	≤ 80%
% complaints to regulators	0.001	0.001	0 ⁹	≤ 0.07%
Lost time incidents	0.85	1.51	2.27	≤ 3.5
Lost time severity	9.33	55.41	46.36	≤ 37
System reliability – frequency of outages	1.38	1.61	1.62	≤ 1.7
System reliability – duration in hours	1.79	1.5	1.563	≤ 2.2

Our call abandonment rate was due largely to many weather-related outages that occurred during normal business hours. Because outage calls take priority over other calls, customers calling for credit and billing questions had to wait more than a minute. The outage calls also affected the percent of calls answered in 20 seconds.

The safety ServQuals are Lost-time Incidence Rate and Lost-time Severity Rate. These measures were established in 2002 and have not been modified or changed since. While we have never exceeded for Lost-time Incidence Rate, in 2009 we exceeded our measure for the Lost-time Severity Rate. Green Mountain Power is currently working with the Public Service Board, other Vermont utilities, and Project WorkSafe (a Division of the Vermont Department of Labor) to evaluate whether this specific metric is appropriate to measure the efficacy of a safety program. This process was under way at the time this report was being prepared, so we plan on presenting a more detailed discussion of this issue in next year's report.

Technology Improvements to Enhance Reliability

Our new Geographic Information System (GIS) provides a database of our full electrical system and is combined with geographic and visual information. It provides a detailed, complex map of our system infrastructure upon which we develop and design improvements and updates to the system.

⁸ The baseline is based on negotiations with DPS.

⁹ Not reported by DPS.

Responder, our Outage Management System, allows us to more accurately and quickly respond to large scale power outage events by aggregating customer calls into predicted and grouped outages. Responder also stores data for future reporting that will lead to identification of important reliability improvement projects. These two integrated systems are the foundation for future planned technology enhancements such as integrating our SCADA and SmartGrid technology with the outage management system, and allowing customers to view detailed outages on-line.

Customer Contact Survey Results – 2008

The following survey results (through the third quarter 2008) were prepared by RKS Research & Consulting after surveying customers who had contact with Green Mountain Power. Overall, customers were completely/somewhat satisfied.

SATISFACTION RATING COMPARISONS – COMPLETELY/SOMEWHAT SATISFIED									
	Total			Credit/Collection			General		
	%			%			%		
	Q1 2008	Q2 2008	Q3 2008	Q1 2008	Q2 2008	Q3 2008	Q1 2008	Q2 2008	Q3 2008
Treatment	92	86	93	88	84	90	93	87	93
Response	90	85	91	86	87	86	92	85	93
Promptness	91	87	94	89	84	94	91	87	94
GMP Overall Satisfaction	86	86	89	84	73	80	86	90	91
GMP Overall Feelings	86	86	91	79	72	85	88	90	93

(NOTE: Data are weighted: Red indicates a sizeable drop from the previous quarter. Blue indicates a sizeable increase from previous quarter)

Customer Issues Survey Results - 2008

Telephone surveys were also conducted among a cross section of residential customers, whether or not they had contact with the Company, throughout the year by RKS, which gave us statistically valid indications of overall customer satisfaction, as well as customers' opinions on our energy strategy. The results from the 3rd quarter 2008 are summarized below:

- Overall Satisfaction with GMP: 81% *very satisfied* (as compared with 69% *very satisfied* in 3rd quarter 2007) – this level of satisfaction is high by historical standards.
- Amount of Trust in GMP: 81% *great deal of trust* (63% in 3rd quarter 2007) – this level of trust represents a historic high.
- Value (money spent on GMP for electric service): 66% *excellent value* (51% in 3rd quarter 2007) – this level of value is very high by historical standards.
- Price: 43% *Price is High* (38% Price is High in 3rd quarter 2007) – historical data indicates that people are no more critical than they have been in the past.
- The results of the energy strategy questions posed during the telephone interviews appear throughout this Sustainability Report, in the most pertinent sections. PR5

Supporting Local Environmental Research

The following is a list of some of the initiatives that Green Mountain Power has been supporting because we believe they may have significant environmental benefits to Vermont and its communities:

1. Funding micro-hydro projects (e.g., City of Barre).

2. Supporting the “Vermont Solar and Small Wind Incentive Program” to encourage photovoltaic, solar hot water, and small-scale wind installations in our service territory.
3. Supporting the University of Vermont’s research into the effects of plug-in hybrids on the local electrical system.

Also, working with Vermont Electric Coop on our Kingdom Community Wind represents a large commitment to Vermont communities. The Lowell Mountain wind farm project is employing Vermonters to conduct environmental and economic assessments, and will generate local construction, operations and maintenance jobs in the future. Overall, the project will represent a local investment of approximately \$80 to \$125 million dollars. Also, Kingdom Community Wind expects to pay hundreds of thousands of dollars annually to Vermont's education fund and to local community budgets. SO1

Ralph Nading Hill Writing Contest

To support the arts community in Vermont, Green Mountain Power and *Vermont Life* co-sponsor the Ralph Nading Hill Writing Contest each year, which is open to any student or resident of Vermont and the winning entry is published in *Vermont Life* magazine. In 2009, Sherry Olson of Plainfield won with her poem “The Paper Cutter.” The poem describes finding a skilled tradesman who takes pride in his work and always wants to do the right thing. While looking for someone to sharpen her paper cutter, she finds more: “I imagine his heart, not the bodily pumping one, but the one folks like to say, of gold, burnished and soft, something, almost, I might carry in my pocket, reach in and touch.”

The literary prize is named for the late Ralph Nading Hill, Jr., a Vermont historian and writer and long-time member of Green Mountain Power’s Board of Directors. 2009 was the 21th year the literary prize has been awarded. The Ralph Nading Hill literary prize is now considered by Vermont writers to be one of the state’s premier literary prizes.

SECTION 7: FINANCIAL DATA

We are no longer required to file a 10-K with the Securities & Exchange Commission (SEC) because we are no longer a publicly traded company. However, we are required to file a form with the Federal Energy Regulation Commission (FERC) on a quarterly and annual basis. These forms are available on our [website](#). Our Moody rating is Triple B, which we are satisfied with, particularly in today's economy.

Financial Data	2007	2008	2009	Notes
General Information (in thousands)				
Annual Operating Revenues	\$244,200	\$255,100	\$247,669	
Cost of all goods, materials and services purchased in 2006	\$211,895	\$299,288	\$297,293	Includes capital expenditures.
Biggest suppliers (more than 10% of purchases)	VELCO (21%): \$56,280 VT Yankee (12%): \$31,982	VELCO (19%): \$58,330 VT Yankee (11%): \$33,310	VELCO (19%): \$58,555 VT Yankee (11%): \$33,854	VELCO includes charges for power from Hydro-Québec.
Total Payroll and Benefits	\$17,208	\$18,943	\$18,699	
Shareholder Information				
Retained Earnings Balance (in thousands)	\$44,252	\$51,236	\$57,073	
Consolidated Return on Average Common Equity	7.72%	9.93%	10.20%	
Common Stock Dividends (in thousands)	\$5,965	\$8,794	\$8,800	
Interest Payments on Long-Term Debt (in thousands)	\$7,540	\$8,480	\$8,896	
Interest Payments on Short-Term Debt (in thousands)	\$181	\$738	\$294	
Taxes				
Federal Taxes Paid (in millions)	\$4.20	\$6.80	\$6.70	

Financial Data	2007	2008	2009	Notes
State Taxes Paid (in millions)	\$0.60	\$1.40	\$2.10	Income Tax
	\$2.30	\$2.30	\$2.30	Gross Revenue Tax
Real Estate Property Taxes (in millions)	\$4.90	\$5.30	\$5.80	
Total Taxes Paid (in millions)	\$12.0	\$15.80	\$16.90	
Tax Credits	Wind credit: \$80,000 Biomass credit: \$302,000	Wind credit: \$0 Biomass credit: \$310,000	Wind credit: \$0 Biomass credit: \$354,000	Searsburg Wind Generating Facility and McNeil Biomass Plant.

Debt and Equity

Year	Equity	Bonds
2003	\$99,915,000	\$93,000,000
2004	\$109,581,000	\$93,000,000
2005	\$117,374,000	\$93,000,000
2006	\$126,636,000	\$109,000,000
2007	\$149,034,007	\$125,000,000
2008	\$163,488,956	\$125,000,000
2009	\$171,855,000	\$140,000,000

Corporate Giving

In 2009, Green Mountain Power gave \$100,000 in charitable contributions to organizations in our service territory and strategic gifts to significant statewide institutions. A detailed breakdown of our donations and contributions in 2008 is provided below.

Payee / Organization	2009
United Way 2008	\$ 35,241.00
Wilmington Town Park	\$ 40.00
VSO Farmer's Night	\$ 1,000.00
Warmth (supporting people with heating emergencies)	\$ 18,109.00
Rockingham Christmas Fund	\$ 250.00
The Winooski Community Center	\$ 250.00
Starbase Vermont	\$ 150.00
Volunteer Income Tax Assistance	\$ 250.00
Cathedral Square Corporation	\$ 250.00
Montpelier Meals on Wheels	\$ 100.00

Payee / Organization	2009
Camp Ta-Kum-Ta Building Fund	\$ 500.00
Barre Youth Sports Association	\$ 100.00
2009 Governor's Inaugural Ball	\$ 1,000.00
Burlington City Arts - Energy Project	\$ 1,000.00
Mercy Connections	\$ 5,000.00
Strolling of the Heifers	\$ 1,000.00
Monroe Men's Club	\$ 100.00
VT Campaign to End Childhood Hunger	\$ 300.00
VT Foster & Adoptive Family Association	\$ 500.00
Vermont Women's Fund	\$ 750.00
Green Up Vermont	\$ 1,250.00
Voices for Vermont's Children	\$ 250.00
Family Center of Washington County	\$ 250.00
Friends of the Winooski River	\$ 500.00
Audubon Vermont	\$ 250.00
TLCabot	\$ 310.00
VT Family Network	\$ 500.00
Recycle North Essential Goods Program	\$ 500.00
Intervale Center	\$ 250.00
Otter Creek Basin Bash	\$ 1,000.00
Boys and Girls Club	\$ 2,500.00
EarthWalk Vermont	\$ 500.00
Vermont Family Network	\$ 500.00
Lund Family Center	\$ 1,000.00
Make a Wish of VT	\$ 250.00
Sons of the American Legion	\$ 200.00
Champlain Quad	\$ 1,500.00
VT Refugee Assistance, Inc.	\$ 250.00
Laura Kate Winterbottom Memorial Fund	\$ 250.00
Ronald McDonald House Charities	\$ 150.00
Children's Literacy Foundation	\$ 500.00
Addison County Parent / Child Center	\$ 500.00
YMCA	\$ 500.00
Child Care Resource	\$ 100.00
SPECTRUM Youth & Family Services	\$ 500.00
Meals on Wheels Burlington	\$ 250.00
ReCycle North Social Enterprise Expansion	\$ 2,000.00
Jared Williams Foundation	\$ 500.00
Kelly Brush Foundation	\$ 150.00
Country Home Products - Lawn Mower Exchange Prog	\$ 2,000.00
Dragonboat Canopy	\$ 75.00
Shelburne Farms	\$ 5,000.00

Payee / Organization	2009
United Way Loaned Executive	\$ 3,500.00
VT Adaptive Ski	\$ 275.00
Key4Women Forum	\$ 250.00
Champlain College Single Parents Program	\$ 350.00
Courage in Bloom Garden	\$ 500.00
TOTAL:	\$100,000.00

Consideration is given to local organizations that support thriving communities, environmental, health and safety programs, as well as education and children's program, such as youth activities and sports programs. Organizations that Green Mountain Power employees are actively involved in receive serious consideration for support. Green Mountain Power does not contribute to political parties, politicians, or related institutions. However, we can not control where trade associations decide to invest their resources. SO6, SO1

Recent Cost-Cutting

Beginning in fall 2008, our financial responsibility began to be tested as the health of the nation's economy began to fail. While operating at optimum efficiency has always been a core value of our company, we are pushed to be even more efficient. We are in the midst of reviewing every budget item line by line, asking department managers to help identify cost saving opportunities. Our recent analysis of how to further reduce costs in the immediate future identified several short term actions that could bring savings during the economic downturn. These are steps that are not appropriate for the long term, but could be managed on a short term basis, such as salary freezes, elimination of temporary help and a drastic reduction in training and education. We are assessing the cost benefits of reducing inventory levels, decreasing fuel purchases for our peaking generating units, and timing eligible tax credits to maximize cash flow. Another option is to postpone some capital purchases, such as vehicles. There are, of course, some disadvantages to these steps, and we will judge whether the long-term drawbacks outweigh the benefits of saving our customers money in the short term.

Renewable Energy Credit Sales

Renewable Energy Credits ("RECs") are financial instruments allowing companies to purchase and sell renewable attributes from qualifying electric generation. For each MWh of energy that is produced by a qualifying unit, a REC is also produced. RECs can be sold either bundled with the energy or alone. In Green Mountain Power's case, it has sold the majority of the REC's associated with the Searsburg Wind, McNeil Biomass, and Moretown Landfill generating stations. With the sale of these RECs, we no longer retain the environmental attributes associated with those resources, and therefore the energy is considered "market power." The main reason that we sell RECs is to help keep rates low for our customers. We do, however, retire a small numbers of RECs on behalf of our GreenerGMP customers, who elect to pay a premium to purchase renewable energy.

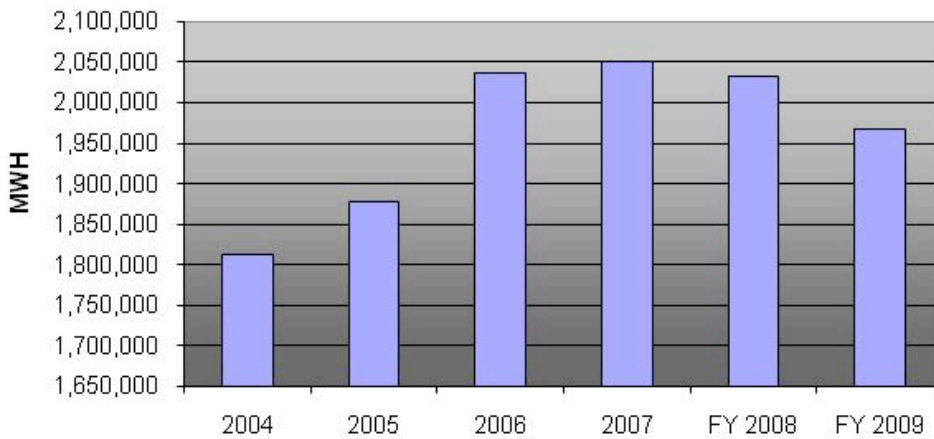
SECTION 8: COMPANY FACTS & FIGURES

Company Name: Green Mountain Power
 Headquarters: Colchester, Vermont, U.S.A
 Owner: Northern New England Energy Corporation (a wholly-owned subsidiary of Gaz Métro)
 Number of Employees: 193

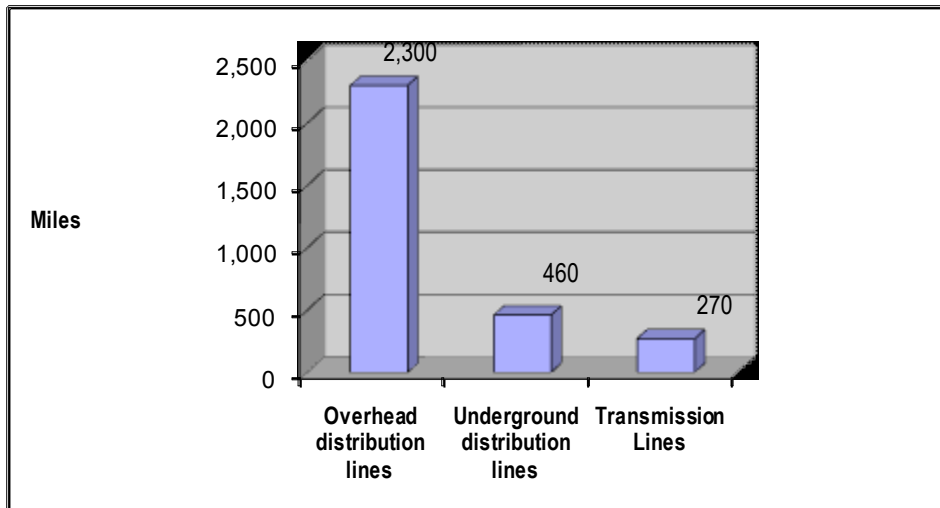
SD 2.8

Green Mountain Power transmits, distributes, and sells electricity and utility construction services in the State of Vermont in a service territory with approximately one quarter of Vermont’s population and 94,000 customers. In April 2007 we merged with Northern New England Energy Corporation, a wholly-owned subsidiary of Gaz Métro, a leading Quebec energy company with a long history of investment in Vermont. However, we continue as a locally-run company that is regulated by the state of Vermont. The following compares our power generation over the past four years. SD 2.8

MWH Generation



Transmission & Distribution (T&D) System



Today, 84% of our electric distribution system is above ground. EU 3 Overall, our T&D losses are 3% (transmission) and 5.2% (distribution). EU 13

Length of T&D Lines by Voltage	
Line Type	Length (miles)
Overhead Primary	2,759
Overhead Secondary	1,030
Underground Primary	598
Underground Secondary	558

Based on the most recent ISO-NE Marginal Emissions Rate Analysis Report, the marginal thermal efficiency of plants dispatched in New England is 8.095 MBtu/MWh. This translates to a 42.17% energy efficiency rate.

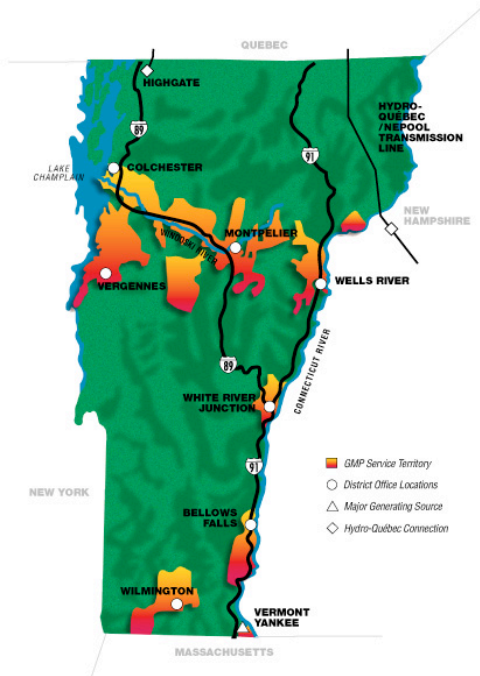
History

Green Mountain Power Corporation traces its origins to 1893, when the Vergennes Electric Company was organized to provide street lighting for the community of Vergennes. Our 115-year history as an electric utility also began when private entrepreneurs dammed some of Vermont’s waterways to create power to run mills, streetcars, and, eventually, the state’s economy in western and central Vermont.

Today, Green Mountain Power is headquartered in Colchester, Vermont, and serves approximately 94,000 customers in nine counties and 122 different communities. We sell electricity and energy services and products to approximately 25% of Vermont’s retail electricity customers and we sell wholesale electric power in New England and provide operations services to other utilities in Vermont.

OUR CUSTOMERS (all are within VT) SD 2.7; EU2				
Type of Customer	2006	2007	2008	2009
Residential	78,856	79,461	79,757	80,146
Small Commercial & Industrial	14,151	14,383	14,500	14,508
Large Commercial & Industrial	26	29	29	28

Green Mountain Power Service Area



Vision

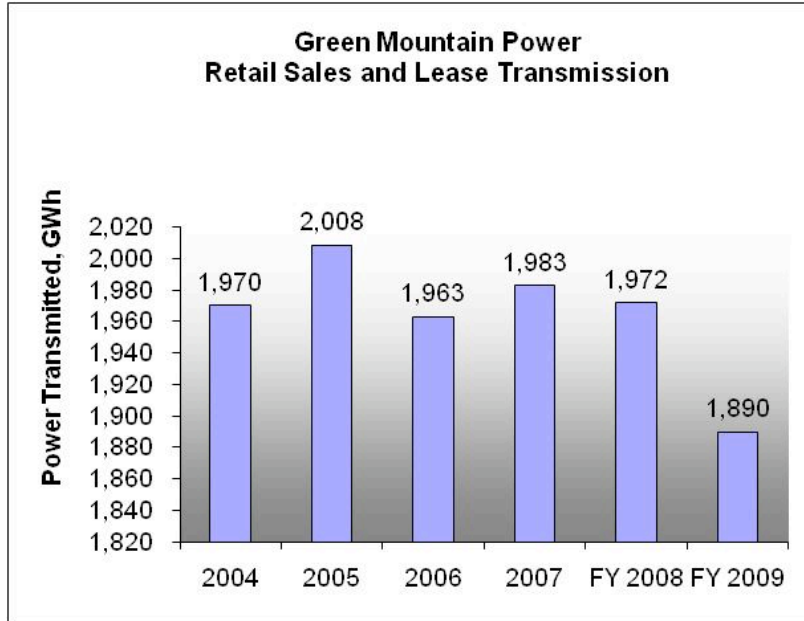
Green Mountain Power is committed to:

- Be the most efficient electric utility in the United States with a long-term focus on distribution and distribution services.
- Deliver superior energy services to our customers.
- Be environmentally responsible.
- Be a premier employer that leverages technology and invests in highly trained people.

“Premier employer” means an employer who provides its employees with an attractive benefits package, a living wage, access to wellness programs, a strong safety program, opportunities for continued training and education, and flexibility to maintain a healthy work-life balance. We also consider employee engagement, including feedback on this report, to be a key element in ensuring that employees feel that their voice matters with respect to sustainability performance and overall company strategy.

Our core corporate values include delivering safe, fast, and effective service; environmental responsibility; and profitability. SD 4.8

Retail Sales and Lease Transmissions, in GWh



Organizational Changes in 2008

In December 2007, Mary Powell was named to succeed Chris Dutton as president and chief executive officer when he retired in August 2008. Ms. Powell has been a key driver in the restructuring of Green Mountain Power from a traditional electric utility to a high performing company that is now noted for using technology to drive customer satisfaction and to produce consistently strong financial results. With her promotion to the CEO position, Ms. Powell became a member of the Green Mountain Power Board of Directors. Mr. Dutton remained a member of the Board following his retirement as CEO, until he took the position of CEO of Vermont Electric Transmission Company, VELCO, in spring 2010.

Ms. Powell previously served as senior vice president and chief operating officer. Ms. Powell joined Green Mountain Power in 1998 after experience as a business owner and in business management at the executive level in both the public and private sector. Due to our recent budget trimming measures, we also eliminated two officer positions through retirements in 2008 to trim our managerial budget. SD 2.9

Philosophy and Code of Ethics

Green Mountain Power expects its employees to rely upon a code of ethics and conduct that includes the following standards:

- Tell the truth
- Obey the law
- Treat others with respect
- Avoid conflicts of interest

- Never misuse company property
- Refuse inappropriate gifts from others
- Refuse to give inappropriate company gifts to others
- Keep company and customer information confidential
- Respect our environment
- Keep our workplace safe
- Promote integrity and ethics throughout the company

The Code of Ethics and Conduct is available at www.greenmountainpower.com.

Corporate Governance

The chair of the highest governance body is not an executive officer at Green Mountain Power. The membership of our Board of Directors changed slightly when we were acquired by Gaz Métro, but they still meet quarterly with our senior management team on a formal basis, and speak more often informally. The Corporate Scorecard sent to the Board each quarter includes evaluation of environmental and socially responsible efforts. Senior management reports to the Board on operational issues, which would include sustainability issues. Mary Powell, CEO, has ultimate responsibility for sustainability issues. The Board of Directors committees include Audit, Compensation, and Governance.

Every employee is evaluated on environmental performance in his or her individual scorecard. That performance is reviewed by each staff person's manager. LA13, SD 1.2.6, 4.1, 4.4-4.10.

Years ago Green Mountain Power's senior management set environmental responsibility as one of our key values and has made sure to integrate that value into the expectations of every employee. Each department has goals relating to environmental performance, and employees throughout the company are evaluated on whether they achieve them. Our performance-based bonus system takes those goals into account. Although not at the executive level, some sustainability deliverables are part of our management bonus compensation system for mid and upper level managers.

Membership in Organizations

Green Mountain Power belongs to the following groups and organizations (SD 4.13):

Vergennes Partnership, Inc	American Wind Energy Association
Addison County Chamber of Commerce	Green Mountain Economic Development
Vermont Chamber of Commerce	Great Falls Regional Chamber of Commerce
Vermont Utilities for Electrical Education	Central Vermont Chamber of Commerce
Addison Economic Development	Vermont Business Roundtable
Renewable Energy Vermont	Energy Council of the Northeast
Greater Burlington Industrial Corp.	Edison Electric Institute
Associated Industries of Vermont	Vermont Historical Society

Human Rights

We operate solely within Vermont and purchase power and other resources from U.S. and Canadian entities. Therefore, we operate under all human rights policies of the U.S. and Canada. However, we do acknowledge the human rights risks embedded in Green Mountain Power's supply chain

(e.g., from products sourced from countries that may have weaker human rights standards than the U.S. and Canada).

We train all employees (including new hires) on harassment prevention and respectful workplace practices, and this training is documented. Our code of ethics encourages employees to contact our general counsel, human resources manager, or submit a statement anonymously to Company management if they have a related concern. HR3

Green Mountain Power employees are free to associate and collectively bargain. Our union employees (54% of our workforce) are protected by their union contract, which includes a collective bargaining agreement. Relative to all our employees, we comply with the Fair Labor Standards Act. Our Code of Ethics prohibits bribery and other corrupt practices. Our respectful workplace policy describes non-retaliation and procedures to follow if an employee believes he or she has been retaliated against and if disciplinary action is required. Our Code of Ethics also describes policies to prevent anti-competitive behavior and to protect the rights of employees to organize and bargain collectively. HR5

Restructuring

Gaz Métro's acquisition of Green Mountain Power did not prompt any restructuring, as we were able to maintain our autonomy and management structure. Despite the current economic climate, we are not anticipating any layoffs in the near future. Two officer positions were eliminated in 2008 via retirement, however, in order to trim our management budget.

Product Responsibility

Green Mountain Power does not have a specific advertising policy; however, any communication with our customers, whether through purchased media, bill inserts or other methods, is reviewed by several people (including legal, when appropriate) to ensure that our communications are accurate and appropriate. While we do not have a formal advertising program, we do strive to adhere to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. Please note that we do very little advertising and promotions. PR6

SECTION 9: GLOBAL REPORTING INITIATIVE (GRI) SUMMARY

Report Scope and Boundaries

Green Mountain Power elected to draft this annual sustainability report using the GRI 2006 Reporting Guidelines (G3). The sections and content of this report were based on the Economic, Environmental, Social, Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility Indicators of GRI. The report also addresses the G3's Strategy and Profile Standard Disclosures. During report preparation, we considered GRI's Electric Utility Sector Supplement, and this year's report includes many of these indicators. To facilitate comparison with the GRI indicators, this report references specific indicators throughout and includes a GRI index at the end of this section, which explains why certain indicators are not applicable to us or are not addressed due to data deficiencies.

There is very little change in the scope and boundary of this report compared to last year's report. This year's report reports on the same locations, facilities, and operations of Green Mountain Power as last year's report, with one exception. SD 3.6, 3.8, and 3.11

It is important to note that our report continues to evolve. This is the sixth year that we have prepared a sustainability report based on the GRI guidelines, and the past several years have been more of a challenge because we are determining the best ways to address the G3 guidelines, including some of the Electric Utility Sector Supplement Indicators. SD 3.7

Questions on this report should be directed to: Dorothy Schnure, Manager of Corporate Communications, Green Mountain Power, Colchester, Vermont; (802) 655-8418, or schnure@greenmountainpower.com. SD 3.4

Report Content

The content of this year's report represents an update of the information in the 2008 report. Most of the updated information pertains to quantitative data, and many of the qualitative descriptions in this report have not been changed since last year's report. Prioritization of report topics was based on materiality and stakeholder feedback. Early in 2009, we performed a materiality determination and throughout 2008 and early 2009 we engaged stakeholders to ensure that our sustainability report reflects the issues that are of greatest concern to our stakeholders. The results of the materiality determination are presented in the Material Issues section of the report. Outcomes of our various stakeholder engagement efforts are described throughout this report in pertinent sections.

In some areas of the report, we have included more information on a particular topic (e.g., safety) and less information on some of our programs that were described in detail in previous years' reports (e.g., impacts on native species). In some instances, we encourage readers to refer to previous years' reports for more information. SD 3.5 There have only been a few very minor information corrections to the information in previous years' reports. These corrections are noted where they occur. SD 3.10

Materiality and Stakeholder Engagement

Green Mountain Power held a Materiality Determination meeting early in 2009. The goal of the meeting was to update the list of material issues first developed in 2006. Identifying material issues is crucial to our sustainability strategy, as well as guiding the content and focus of the Sustainability Report. Material issues are issues that can significantly impact one or more aspect of Green Mountain Power's commitment to financial responsibility, environmental stewardship, and social responsibility. During the

materiality determination, collaboration occurred between various Green Mountain Power employees, including:

- External and Customer Affairs
- Manager of Corporate Communications
- Purchasing
- Information Technology
- Safety & Environmental Manager
- Field Operations Manager
- Administration Manager (including Fleet and Facilities)
- Human Resources

SD 1.2, SD 1.2.5, SD 3.5

In addition to the materiality determination meeting, we also held employee engagement sessions to gain feedback on the company and its sustainability performance. The results of the employee engagement sessions were used to add depth, relevancy, and authenticity to the materiality determination. Additional stakeholder engagement conducted in 2008 and 2009 included:

- Customer Telephone Surveys – to gauge customer satisfaction and probe customers on specific aspects of our energy strategy.
- Renewable Energy (“Green Zones”) Collaboration – we convened various Vermont agencies, NGOs, developers, and consultants to talk about reducing the obstacles to increasing the number and size of significant renewable energy installations within the State. The result of this meeting was a working group that successfully introduced State legislation.
- Community Energy Fair
- Customer Satisfaction Surveys
- Choose2BGreen Blog

How this Year’s Report is Different

The primary difference between the 2008 and 2009 reports and previous reports is that we have separated the report sections on-line, so that people can quickly drill-down to the information they are most interested in (e.g., operations, material issues, power profile, community, etc.). In the past, we have published one long report with an extensive table of contents. Our stakeholder feedback indicated that our audience wanted quicker access to various parts of our report. Other stakeholder feedback has indicated that previous reports have been too narrative, so this year we have tried to further distill information into bullets, charts, tables, and figures.

The content of this year’s report is primarily based on data and information from FY 2009, which was from September 2008-September 2009. Where appropriate, we have compared recent data with previous years to identify trends and track progress against performance targets. It is very important to note that comparisons between years were a little awkward because of our decision to make our sustainability reporting consistent with our fiscal calendar. Also, where appropriate, we have included information and updates from 2010 to add relevancy to report topics. Last year’s report, which addressed FY2008, was published in September 2009. SD 3.1 - 3.3

Report Audience

Our primary focus for this effort is to create accountability through an accurate, structured report that provides a transparent view of our successes, communicates our challenges, and identifies areas for improvement. This document is intended for a diverse audience of stakeholders that includes customers, shareholders, and anyone else interested in learning about Green Mountain Power.

We hope that this report is received by a wide variety of our stakeholders, including community members, concerned citizens, employees, and other groups. Part of the reason we have elected to publish this report on our website is so that readers can access individual sections easily and select the topics that interest them most. We have also elicited stakeholder feedback through our blog, which helps us develop better ways of ensuring that the report remains accessible, readable, and interesting. SD 3.5

Assurance

We hired an outside environmental sustainability consultant to help us prepare this report. The outside consultant assisted us with the report preparation process, including materiality determination, stakeholder engagement, gathering information and data, and serving as the repository for all of the data and information necessary to respond to the GRI indicators. The consultant also convened the stakeholder engagement sessions, prompted discussion, and gleaned issues to add to the GRI report. Our consultant analyzed the data and information closely to: compare it with the G3 guidelines; trend it with data from previous years' reports; challenge any inaccuracies or discrepancies; consider the input of stakeholders; critically analyze information in light of the materiality analysis; and assess the need for clarification of additional information from Green Mountain Power. In this way, our consultant was able to provide limited assurance services to Green Mountain Power. These "assurance-light" activities were performed based on several different protocols, including the GRI G3 Guidelines and AccountAbility's Assurance Standard AA1000.

We recognize the limitations inherent in seeking assurance from a consultant who is primarily responsible for preparation of the sustainability report. Green Mountain Power is currently exploring ways to seek fully independent, impartial, third-party assurance for its Sustainability Report in accordance with established guidelines and criteria. Our sustainability consultant has been assisting Green Mountain Power with strategic sustainability services since 2005 and is committed to ensuring that the sustainability reporting remains accurate, transparent, considerate of stakeholder needs, and a true reflection of Green Mountain Power's challenges and successes as it travels the path towards sustainability.

It should also be noted that certain data elements included in this report have already been audited/verified by external third parties. For example, the carbon emissions data that we report to the Chicago Climate Exchange (CCX) is audited by FINRA, and our financial information is audited annually by KPMG.

SD 3.9 and 3.13

GRI Reference Table

Final Draft

See attached document.