

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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OFFICE OF THE
SECRETARY

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FEDERAL ENERGY REGULATORY COMMISSION

TransCanada Hydro Northeast Inc.
Vermont Hydro-electric Power Authority

Docket No. EC05-____-000

APPLICATION
UNDER SECTION 203 OF THE FEDERAL POWER ACT,
REQUEST FOR EXPEDITED CONSIDERATION,
AND WAIVERS

Pursuant to Section 203 of the Federal Power Act ("FPA")¹ and Part 33 of the regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"),² the Vermont Hydro-electric Power Authority ("VHPA") respectfully requests Commission authorization, to the extent necessary, for TransCanada Hydro Northeast Inc. ("TC Hydro NE") to transfer certain FPA-jurisdictional facilities associated with the 49 MW Bellows Falls Hydroelectric Project ("Bellows Falls Facility" or "Facility") to VHPA (the "Proposed Transaction"), which will hold title and lease the Facility to Bellows Falls Power Company, LLC ("BFPC") pursuant to the terms of a December 7, 2004 Master Agreement ("Master Agreement") among the Town of Rockingham, Vermont ("Town"), VHPA and BFPC.

VHPA respectfully submits that the substance of this Proposed Transaction has already been approved by the Commission in its orders authorizing the disposition of the Bellows Falls Facility,³ and that this application is being filed to permit VHPA to hold title

¹ 16 U.S.C. § 824b (2000).

² 18 C.F.R. Part 33 (2004).

³ *USGen New England, Inc., et al.*, 110 FERC ¶ 62,222 (March 8, 2005) ("Town 203 Order"), and *TransCanada Hydro Northeast Inc. and The Town of Rockingham, Vermont*, 112 FERC ¶ 62,001 (July 1, 2005) ("TC Hydro NE 203 Order").

to the Bellows Falls Facility and lease the Facility to BFPC, which will operate, maintain and sell the output of the Facility. The Applicants also respectfully request expedited consideration of this application because this regulatory approval must be in place by September 11, 2005, under an option agreement discussed below.

I. BACKGROUND

The Commission previously approved the transfer of the Bellows Falls Facility from USGen New England, Inc. ("USGenNE") to the Town, and the subsequent lease of the Facility by BFPC in Docket No. EC05-41-000.⁴ The Commission approved TC Hydro NE's replacement of USGenNE as the transferor/owner of the Facility in Docket No. EC05-88-000.⁵ VHPA now seeks Commission approval for VHPA to take and hold title to the Bellows Falls Facility, so that it can lease the Facility to BFPC.

A. The Option Agreement Transaction

Until April 1, 2005, USGenNE was the owner and operator of the Bellows Falls Facility, when it sold the Facility to TC Hydro NE as part of the reorganization plan for USGenNE's bankruptcy. However, prior to that transaction, USGenNE and the Town entered into the Bellows Falls Option Agreement ("Option Agreement") on July 13, 2004, pursuant to which USGenNE granted the Town an option ("Option") to purchase the Bellows Falls Facility for a specified sum, so long as the Town exercised the Option by December 1, 2004, and placed the payment amount of \$72,046,000 in an escrow account

⁴ *Town 203 Order* at Ordering Paragraph (1).

⁵ *TC Hydro NE 203 Order* at Ordering Paragraph (1).

by December 7, 2004.⁶ The Bankruptcy Court approved the Option Agreement on July 23, 2004.

By order of the Bankruptcy Court dated November 23, 2004, the Town was granted the right to assign the Option Agreement to VHPA. The Option was exercised in a timely manner.

VHPA respectfully submits this application for authorization of the transfer of the Bellows Falls Facility to VHPA because the date for ensuring that the Option Transaction can be consummated is rapidly approaching and certain arrangements approved in the *Town 203 Order* may not be put into place.⁷

Section 5 of the Option Agreement contains a "Governmental Approval Condition Precedent" which requires that:

In the event that the Optionor [TC Hydro NE] has not received all governmental approvals in final nonappealable form within two hundred seventy (270) days from the Application Date ("Governmental Approval Condition Precedent"), Optionor shall have the right to terminate this Agreement by written notice to Optionee [VHPA] in which event the Deposit shall be returned to Optionee, all obligations of the parties hereto shall

⁶ As part of USGenNE's divestiture plans, under a Hydro Asset Purchase and Sale Agreement, TC Hydro NE acquired the Bellows Falls Facility subject to the Option held by the Town. This was recognized by the Commission in the *Town 203 Order*:

... TransCanada Hydro NE's right to acquire the Project is subject to Town's right to acquire the Project, pursuant to a separate agreement between USGenNE and the Town.

Town 203 Order, 110 FERC at 64,446.

⁷ TC Hydro NE is not a signatory to this application. It is a "reluctant" seller in the sense that if the Option expires, it will be able to retain ownership of the Facility. However, TC Hydro NE acquired the Facility subject to the Option. VHPA notes that in at least three other instances the Commission has granted authorization under Section 203 for transactions under which reluctant sellers or transferors were not applicants. See, e.g., *Southaven Holdings, LLC*, 110 FERC ¶ 62,060 (2005) (entity owned by a group of lenders authorized to obtain upstream ownership shares of a non-applicant public utility, or due to a foreclosure on the public utility's assets, the transfer of the assets and operational control of the public utility); *Pittsfield Generating Company, L.P., et al.*, 106 FERC ¶ 62,044 (2004) (applicant allowed to become the general partner of a non-applicant public utility); and *Newco, LLC*, 104 FERC ¶ 62,154 (2003) (entity owned by a group of lenders granted authorization to obtain the indirect upstream membership shares of a non-applicant public utility).

cease and this Agreement shall be void and without recourse to the parties hereto;

The 270-day period will expire on September 11, 2005.

B. The Master Agreement Transaction

Under a Master Agreement entered into on December 7, 2004, among VHPA, BFPC and the Town, the Town (1) assigned the Option to VHPA; (2) entered into a lease with BFPC under which BFPC would operate, maintain and sell the output of the Facility (the "Lease"); and (3) assigned the Lease to VHPA. At closing, one of the transactions contemplated was that VHPA would transfer title to the Town and assign its interests in the Lease back to the Town. The Town would then lease the Facility to BFPC (the "Master Agreement Transaction"). In contemplation of closing on the Option Transaction and Master Agreement Transaction, USGenNE, the Town and BFPC filed an application requesting approval for the transfer and lease of the Bellows Falls Facility under Section 203 of the FPA.⁸

The parties to the Master Agreement Transaction also included a provision in the Master Agreement, which provides that in the event that the Town is not able to assume VHPA's interests in the Facility, VHPA and BFPC could consummate the Master Agreement Transaction. Section 2.12(a) of the Master Agreement specifically states:

In the event that the Town does not for any reason, within one Business Day of Closing, assume all of the VHPA's interest in the Facility Lease and accept a transfer of all VHPA's interest in the Property (provided that the VHPA has provided written notice to the Town at least ten days prior to the Closing), the VHPA shall have the right to sell to the Company, and the Company shall have the right to Purchase from the VHPA, for one dollar, all

⁸ *USGen New England, Inc., et al.*, Application for Authorization under Section 203 of the Federal Power Act for Disposition of Jurisdictional Facilities and Requests for Waivers and Expedited Consideration, filed in Docket No. EC05-41-000 on January 25, 2005 ("*USGenNE/Town 203 Application*"), approved by the *Town 203 Order*.

of the VHPA's interest in the Facility Lease and the Property by following the procedures specified in Section 2.12(c).

A full copy of the Master Agreement was provided to the Commission in the *USGenNE/Town 203 Application*. Footnote 16 of the *USGenNE/Town 203 Application* specifically highlighted this possibility:

The arrangement is documented in (1) the "Master Agreement" dated December 7, 2004, among Rockingham, VHPA and Bellows Falls, (2) the Lease, and (3) the related assignment and other agreements attached as Exhibit I hereto.

If VHPA acquires the Facility through the option, but the Town does not accept the assignment of the Lease, VHPA has the right to sell the Project to BFPC for \$1.00. Similarly, if any material provision of the Lease is determined to be invalid or void as a matter of law, BFPC has the right to buy the Facility from either VHPA or the Town (whichever owns the Facility at the time) for \$1.00.⁹

Thus, if the Town is not able or ready to take title to the Bellows Falls Facility at closing, VHPA has the legal right to take title from TC Hydro NE in the Option Transaction and then hold title pursuant to the Master Agreement Transaction. Following completion of the Option Transaction and pending completion of the Master Agreement, VHPA will retain title to the Facility and lease it to BFPC under the Lease approved in the *Town 203 Order*.¹⁰

II. DESCRIPTION OF THE PROPOSED TRANSACTION

VHPA was not an applicant to the *USGenNE/Town 203 Application* because, the applicants contemplated that VHPA would take title to the Facility in the Option Transaction and then transfer title to the Town pursuant to the Master Agreement.

⁹ *USGen NE/Town 203 Application* at p. 6, fn. 16.

¹⁰ The Applicants are not seeking regulatory approval for any potential subsequent transfer of title to the Bellows Falls Facility by VHPA.

In this Proposed Transaction, as contemplated in the Master Agreement, VHPA will hold title to the Bellows Falls Facility, and then lease the Facility to BFPC under the Lease approved by the Commission in Docket No. EC05-41-000. VHPA seeks the Commission's approval for this Proposed Transaction in order to ensure full compliance with the requirements of Section 203 of the FPA.

Hence, VHPA respectfully submits this application for authorization in order to have in place, by September 11, 2005, this approval necessary under Section 203 of the FPA to close on the Option Transaction by October 3, 2005, in satisfaction of the terms of the Option Agreement. As previously indicated, BFPC has received authorization from the Commission to operate, maintain and sell the output of the Facility under the Lease in the *Town 203 Order*.¹¹ Consequently, VHPA is not requesting the Commission to revisit the lease arrangement.

III. DESCRIPTION OF THE JURISDICTIONAL ASSETS AND THE APPLICANT

A. The Jurisdictional Facilities

The jurisdictional facilities associated with the Bellows Falls Facility consist of transmission facilities (a 6.9 kV bus and generator leads to the 6.9 kV bus to deliver the output of the Facility to the transmission grid),¹² and the FPA-jurisdictional books, records and accounts associated with this Facility.

¹¹ *Town 203 Order*.

¹² *New England Power Company*, 8 FERC ¶ 61,122 at 61,474 (1979) (order issuing new license); *New England Power Company and USGen New England, Inc.*, 85 FERC ¶ 62,113 at 64,281 (1998) (order amending licenses).

B. The Applicant

1. VHPA

VHPA is a body corporate and politic and a public instrumentality of the State of Vermont. The state statute creating VHPA provides it with the authority to finance, purchase, lease, sell, operate and maintain the Bellows Falls Facility and other hydroelectric power stations along the Connecticut and Deerfield Rivers in Vermont, New Hampshire and Massachusetts, and to sell the Facility's electric power at wholesale within or outside the State of Vermont.¹³ Pursuant to Section 201(f) of the FPA,¹⁴ as a State authority, VHPA is not subject to the Commission's FPA jurisdiction over public utilities, as defined in Section 201(e) of the Act,¹⁵ although this Proposed Transaction is subject to FPA Section 203.

2. TC Hydro NE (To Aid in the Commission's Review)

TC Hydro NE, a Delaware corporation, is a direct, wholly-owned subsidiary of TransCanada PipeLine USA Ltd., a Nevada corporation. TransCanada PipeLine USA Ltd. is a direct, wholly-owned subsidiary of TransCanada PipeLines Limited ("TCPL"),¹⁶ a Canadian corporation, which is a direct subsidiary of TransCanada Corporation, which is also a Canadian corporation. TC Hydro NE has its principal place of business in Westborough, Massachusetts. TC Hydro NE was formed for the sole business purpose of owning and operating the hydroelectric assets being acquired from USGenNE. TC

¹³ Vt. Stat. Ann. tit. 30 ch. 90 (2004).

¹⁴ 16 U.S.C. § 824(f) (2000).

¹⁵ 16 U.S.C. § 824(e) (2000).

¹⁶ TCPL owns and operates natural gas transmission facilities in Canada and has equity interests in several pipelines in the United States. These include Great Lakes Gas Transmission System, Iroquois Gas Transmission System, Portland Gas Transmission System, Tuscarora Gas Transmission System, and the Northern Border Gas Transmission System.

Hydro NE closed on that transaction on April 1, 2005. TC Hydro NE's owners and affiliates were fully described in the application that was approved in *USGen New England, Inc., et al.*,¹⁷ for TC Hydro NE's acquisition of several of USGenNE's hydro assets, including the Facility. To VHPA's knowledge, that information remains accurate.

3. BFPC (For Informational Purposes Only)

BFPC is a limited liability company that was initially created under the laws of Delaware to lease the Bellows Falls Facility from the Town and to operate it. BFPC intends to operate the Facility and sell the output of the Facility at wholesale and has market-based rate authorization.¹⁸ The membership interests in BFPC will be held indirectly by Brascan Corporation ("Brascan"), a Canadian asset management company, and indirectly by Emera Inc. ("Emera"), a Canadian holding company that also owns Bangor Hydro-Electric Company. Each of the upstream owners will hold 50 percent of the membership interests in BFPC. BFPC's upstream owners and their affiliates were fully described in Exhibit B to the *USGenNE/Town 203 Application*.

IV. REQUEST FOR SHORTENED COMMENT PERIOD AND EXPEDITED TREATMENT

The Option Agreement requires this regulatory approval to be in place by **September 11, 2005**. As such, VHPA respectfully requests that the Commission provide for a shortened comment period of ten (10) days and expeditiously authorize the

¹⁷ 109 FERC ¶ 62,245 (2004).

¹⁸ *Bellows Falls Power Company, LLC*, 110 FERC ¶ 61,221 (March 3, 2005).

Consequently, the analyses provided to and accepted by the Commission in the *Town and TC Hydro NE 203 Orders* remain valid. To further demonstrate that this Proposed Transaction will have no adverse effect on competition, the Applicants attach hereto, as **Exhibit A**, a copy of the market power report prepared by London Economics International ("LEI") that was included as Exhibit J to the *USGenNE/Town 203 Application*. The analyses and conclusions in LEI's report remain unchanged and are incorporated by reference herein. For these reasons, the Applicants respectfully submit that this Proposed Transaction will not adversely effect competition.

Second, permitting VHPA to take title to the Bellows Falls Facility will not adversely affect regulation. In reviewing the effect on regulation, the Commission considers whether a proposed transaction will diminish its regulatory authority by creating a registered public utility holding company under the Public Utility Holding Company Act of 1935 (soon to be repealed),²⁶ and whether affected state commissions have authority to review a transaction.²⁷ Permitting VHPA to take title to the Bellows Falls Facility from TC Hydro NE will not result in the creation of a new registered holding company. BFPC, as operator of the Facility, has obtained exempt wholesale generator ("EWG") status from the Commission,²⁸ as contemplated in the *USGenNE/Town 203 Application*.²⁹ In addition, VHPA has obtained authorization from the Vermont Public Service Board ("VPSB") to take title to the Facility.³⁰

²⁶ 15 U.S.C. § 79a, *et seq.* (2000).

²⁷ Order No. 642 at 31,914-15.

²⁸ *Bellows Falls Power Company, LLC*, 111 FERC ¶ 62,331 (June 27, 2005).

²⁹ *USGenNE/Town 203 Application* at p. 14.

³⁰ See "Certificate of Public Good Issued Pursuant to 30 V.S.A. § 248" issued to VHPA as part of the order and certificates issued in "*Petitions of: (1) TransCanada Hydro Northeast Inc. for Consent to*" (Footnote Continued...)

In addition, BFPC will become a public utility and will sell the electric output of the Facility at wholesale subject to the Commission's jurisdiction. BFPC received market-based rate authorization from the Commission on March 3, 2005,³¹ and its market-based rate tariff will become effective upon the date the Lease becomes effective, *i.e.*, the date of closing on the Master Agreement Transaction. BFPC will only sell the output of the Bellows Falls Facility at wholesale at market-based rates. Therefore, the Applicants submit that the Proposed Transaction will have no adverse effect on rates.

VI. ADDITIONAL FILING REQUIREMENTS

As contemplated by Order No. 642,³² VHPA respectfully requests full or partial waiver of several of the information requirements of Part 33 of the Commission's regulations.³³ VHPA submits that waiver of the full filing requirements is clearly appropriate because authorizing VHPA to take title to the Facility and to lease it to BFPC

(Footnote Continued...)

transfer its Bellows Falls Project to the Vermont Hydroelectric Power Authority; (2) Town of Rockingham and Vermont Hydroelectric Power Authority for certificates of public good and consent to purchase, own, and lease the Bellows Falls Hydroelectric Generating Station; and (3) Bellows Falls Power Company for approval to operate the Bellows Falls Hydroelectric Generating Station in Bellows Falls, Vermont and for de minimis regulation," Docket No. 7047, Order entered June 6, 2005, included as Exhibit B.

³¹ *Bellows Falls Power Company, LLC*, 110 FERC ¶ 61,221 (March 3, 2005).

³² Order No. 642, FERC Stats. & Regs. ¶ 31,111 at 31,877 states in pertinent part:

We recognize that not all applications require the same amount of information (regarding applicants' organizational structure and business arrangements and activities, for example) to allow the Commission to evaluate whether the transaction is consistent with the public interest. Applicants may request waiver of specific sections accompanied by support for why they believe we do not need such information.

³³ In a number of cases, the Commission has relaxed the full filing requirements of Part 33 of its regulations and instead required only the filing of such information as will satisfy the minimum statutory requirements of Section 203 of the FPA, when a proposed transaction clearly did not contravene with the public interest. *See, e.g., The Premcor Refining Group Inc., et al.*, 102 FERC ¶ 62,153 (2003); *TECO Power Services Corp., et al.*, 99 FERC ¶ 62,110 (2002); *El Paso Energy Corp.*, 89 FERC ¶ 62,199 (1999) (examples of cases where the applicants requested full or partial waiver of the Commission's filing requirements under Part 33 and the Commission did not require additional information in order to approve their Section 203 applications).

will not result in the impairment of customer service or adversely affect regulation of any jurisdictional utility. The Commission has previously approved the substance of this Proposed Transaction in the *Town* and *TC Hydro NE 203 Orders*. Consequently, the Proposed Transaction does not require the higher level of scrutiny that might be required where a change in control over assets could confer some strategic market advantage on the transferee. Requiring the full panoply of information needed to consider a merger of two public utilities would not give the Commission any more useful information than is contained in this application.

Based on the foregoing, VHPA respectfully requests waiver of any filing requirements that require the submission of any additional documentation, including full or partial waiver of the requirements of Part 33 of the Commission's regulations, except for the information set forth below.

A. Section 33.2(a): Names and Principal Business Addresses of the Applicant

The exact legal name and address of the principal business office of the Applicant is as follows:

1. VHPA

Vermont Hydro-electric Power Authority
c/o Department of Public Service
112 State Street, Drawer 20
Montpelier, VT 05620-2601

For the convenience of the Commission, VHPA also provides TC Hydro NE's exact legal name and principal business office address, which TC Hydro NE provided in the application for the *TC Hydro NE 203 Order*.

TransCanada Hydro Northeast Inc.
110 Turnpike Road
Suite 203
Westborough, MA 01581

B. Section 33.2(b): Persons Authorized to Receive Notices and Communications with Respect to the Application

<p>John Sayles Interim Manager Vermont Hydro-electric Power Authority c/o Department of Public Service 112 State Street, Drawer 20 Montpelier, VT 05620-2601 Tel: (802) 241-3601 Fax: (802) 828-2342 Direct: (802) 241-3957 E-mail: john.sayles@state.vt.us</p>	<p>Molly K. Lebowitz, Esq. Jeffrey J. McMahan Dinse, Knapp & McAndrew, P.C. 209 Battery Street P.O. Box 988 Burlington, VT 05402-0988 Tel: (802) 864-5751 Fax #1: (802) 864-1603 Fax #2: (802) 862-6409 E-mail: mlebowitz@dinse.com jmcmahan@dinse.com</p>
<p>Kristine L. Delkus Vice President, Power & Regulatory Law TransCanada PipeLines Limited 450 1st Street SW Calgary, Alberta T2P 5H1 Tel: (403) 920-2161 Fax: (403) 920-2392 E-mail: kristine_delkus@transcanada.com</p>	<p>Kenneth L. Wiseman Mark F. Sundback Jennifer L. Spina Andrews Kurth LLP 1701 Pennsylvania Avenue, N.W. Suite 300 Washington, DC 20006 Tel: (202) 662-2700 Fax: (202) 662-2739 E-mail: kwiseman@andrewskurth.com msundback@andrewskurth.com jspina@andrewskurth.com</p>

C. Section 33.2(c): Description of the Applicants

- Section 33.2(c)(1): All business activities of the Applicants, including authorizations by charter or regulatory approval.**

The business activities of VHPA (as well as TC Hydro NE and BFPC), are described in **Section III** of this application. VHPA, therefore, respectfully requests a waiver of the requirement to provide this information.

- Section 33.2(c)(2): List of all Applicants' energy subsidiaries and energy affiliates, percentage ownership interest in such subsidiaries and affiliates, and a description of the primary business in which each energy subsidiary and affiliate is engaged.**

VHPA has no energy affiliates or subsidiaries.

VHPA seeks a waiver of this requirement with respect to TC Hydro NE because such information was provided in the application that led to the Commission's recent decision in the *TC Hydro NE 203 Order*.³⁴

3. Section 33.2(c)(3): Organizational charts depicting the Applicants' current and proposed post-transaction corporate structures.

VHPA a body corporate and politic and a public instrumentality of the State of Vermont whose business is conducted by a Board of Directors and an Interim Manager, Mr. John Sayles. Since VHPA has no parents or affiliates, the Applicants respectfully request waiver of this requirement for VHPA.

VHPA seeks waiver of this requirement with respect to TC Hydro NE because such information was provided in the application that led to the Commission's recent decision in the *TC Hydro NE 203 Order*.

4. Section 33.2(c)(4): Description of all joint ventures, strategic alliances, tolling arrangements or other business arrangements, including transfers of operational control of transmission facilities to Commission-approved Regional Transmission Organizations, both current, and planned to occur within a year from the date of the filing, to which the Applicants or their respective parent companies, energy subsidiaries, and energy affiliates is a party, unless the Applicants demonstrate that the proposed transaction does not affect any of its business interests.

VHPA intends to lease the facility to BFPC as was approved in the *Town 203 Order*.

VHPA seeks waiver to provide this information with respect to TC Hydro NE because, as seller, TC Hydro NE's joint ventures and other business arrangements will not affect this Proposed Transaction.

If VHPA, its energy subsidiaries, and energy affiliates becomes a party to or begins to plan a new joint venture, strategic alliance, tolling arrangement or other business arrangement that could affect their electricity business arrangements, the Commission will be promptly notified as is required by Section 33.2(g) of the Commission's regulations.³⁵

³⁴ *TC Hydro NE 203 Order, supra n. 3.*

³⁵ 18 C.F.R. § 33.2 (2004).

5. Section 33.2(c)(5): Identity of common officers or directors of parties to the proposed transaction.

There are no common officers or directors among VHPA and TC Hydro NE.

6. Section 33.2(c)(6): Description and location of wholesale power sales customers and unbundled transmission services customers served by the applicant or its parent companies, subsidiaries, affiliates and associate companies.

VHPA has no wholesale sales customers or unbundled transmission services customers.

VHPA respectfully seeks waiver of the requirement to list the wholesale power customers of their parent companies, subsidiaries, affiliates, or associate companies of TC Hydro NE, as it would be unduly burdensome. Moreover, TC Hydro NE's affiliates that engage in business activities subject to the Commission's jurisdiction should report all this information in the electric quarterly reports that they are required to file with the Commission.

D. Section 33.2(d): Description of Jurisdictional Facilities Owned, Operated or Controlled by the Applicants, their Parent Companies, Subsidiaries, Affiliates and Associate Companies.

VHPA has described the jurisdictional facilities to be transferred under the Proposed Transaction in **Section III.A** of this application.

VHPA respectfully submits that the jurisdictional facilities owned, operated or controlled by TC Hydro NE's parent companies, subsidiaries, affiliates, and associate companies are not otherwise implicated or affected by the Proposed Transaction. On this basis, VHPA respectfully requests waiver of this requirement.

E. Section 33.2(e): Narrative Description of the Transaction; Including the Identity of the Involved Parties, All Jurisdictional Facilities Associated with the Transaction; Consideration for the Transaction, and the Effect of the Transaction on Such Jurisdictional Facilities and Securities.

A narrative description of the Proposed Transaction, VHPA and for informational purposes, TC Hydro NE and BFPC, are provided in **Sections I, II and III** of this application.

There is no consideration for the Proposed Transaction beyond the \$72,046,000 held in escrow.

F. Section 33.2(f): Contracts Related to the Proposed Transaction.

There are no new agreements beyond those discussed and provided in the *USGenNE/Town 203 Application*.

G. Section 33.2(g): Facts Relied Upon to Demonstrate that the Proposed Transaction is Consistent with the Public Interest.

The facts relied upon to show that the Proposed Transaction is consistent with the public interest are set forth in **Section V** of this application.

VHPA will, of course, supplement this application promptly to reflect in its analysis any material changes that occur after the application is submitted to the Commission, but before the Commission takes final action on the application.

H. Section 33.2(h): General or Key Map Showing in Different Colors the Properties of Each Party to the Transaction.

VHPA respectfully requests waiver of this requirement because the only property to be affected by this Proposed Transaction is the Bellows Falls Facility.

I. Section 33.2(i): Licenses, Orders, Or Other Approvals From Other Regulatory Bodies In Connection With The Proposed Transaction, And the Status of Other Regulatory Actions.

VHPA must obtain the following energy regulatory approvals for the Proposed Transaction:

1. Approval of the transfer of the Bellows Falls Facility FPA Part I license, in Docket No. P-1855, which is pending.
2. Issuance of a Certificate of Consent and a Certificate of Public Good by the Vermont Public Service Board.

J. Section 33.3: Additional Information Requirements for Applications Involving Horizontal Competitive Impacts.

VHPA respectfully requests waiver of this requirement because the only horizontal competitive impacts relevant would be those created by BFPC's lease and operation of the Bellows Falls Facility and that issue was addressed in the *USGenNE/Town 203 Application*, which the Commission approved in the *Town 203 Order*.³⁶

³⁶

Town 203 Order, supra n. 3.

K. Section 33.4: Additional Information Requirements for Applications Involving Vertical Competitive Impacts.

VHPA respectfully requests waiver of this requirement because the only vertical competitive impacts relevant would be those created by BFPC's lease and operation of the Bellows Falls Facility and that issue was addressed in the *USGenNE/Town 203 Application*, which the Commission approved in the *Town 203 Order*.

VII. PROPOSED ACCOUNTING ENTRIES

VHPA is not required to maintain its books of accounts in accordance with the Commission's Uniform System of Accounts in Part 101 of the Commission's regulations.³⁷ Therefore, VHPA is not currently required or will not be required pursuant to 18 C.F.R. § 33.5 (2004) to present proposed accounting entries to its books or financial statements showing the effect of the Proposed Transaction.

VIII. VERIFICATION AND NOTICE

Attached hereto, as **Attachment A**, is a verification, as required by 18 C.F.R. § 33.7 (2004), signed on behalf of VHPA. As required by the Commission's regulations, 18 C.F.R. § 33.6 (2004), a form of notice suitable for publication in the Federal Register is included herein as **Attachment B** and a copy of the same notice in electronic format on a 3.5-inch diskette is enclosed.

IX. CONCLUSION

For the reasons set forth in this application, the Vermont Hydro-electric Power Authority respectfully submits that the Proposed Transaction, involving the transfer of the Bellows Falls Facility from TransCanada Hydro Northeast, Inc. to the Vermont Hydro-electric Power Authority will not have an adverse effect on competition, rates or regulation. Accordingly, the Vermont Hydro-electric Power Authority respectfully submits

³⁷ 18 C.F.R. Part 101 (2004).

that the Proposed Transaction satisfies all of the applicable requirements for authorization under Section 203 of the FPA and Part 33 of the Commission's regulations thereunder.

WHEREFORE, for the foregoing reasons, the Vermont Hydro-electric Power Authority respectfully requests that the Commission (1) grant the authorizations required for the Proposed Transaction requested herein; (2) grant the request for a shortened comment period of ten (10) days; (3) expeditiously authorize the Proposed Transaction no later than September 9, 2005, or as soon after the expiration of the comment period as possible; and (4) waive any filing requirements or other regulations as the Commission may find necessary or appropriate.

Respectfully submitted,

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Dated: August 10, 2005

EXHIBIT A

**LONDON ECONOMICS INTERNATIONAL'S
MARKET POWER REPORT**

Competitive analysis in support of disposition of certain generation facilities located in New England

Prepared by London Economics International LLC for Bellows Falls Power Company, LLC

January 24, 2005



EXECUTIVE SUMMARY

London Economics International (LEI) has been retained by Bellows Falls Power Company LLC (Bellows Falls, BFPC, or Applicant) to assess the competitive effects of the proposed lease and operation of the Bellows Falls Hydroelectric Project by BFPC (the Transaction).¹ On the basis of a concentration analysis of total generating capacity in the New England market, we conclude that the New England market is unconcentrated, and will remain so after the proposed Transaction is completed. Given this analysis, combined with the strong likelihood of new entry, it is our view that the Transaction will not create or enhance horizontal market power in New England.

Our market concentration analysis includes the proposed Transaction, as well as the generating assets owned or proposed to be acquired by some of BFPC's affiliates, also subsidiaries of its ultimate parent companies Brascan Corporation (Brascan) and Emera Inc. (Emera). The full capacity of possible acquisitions in the New England market and first-tier markets has been included in our market power analysis in order to provide the most up-to-date, realistic assessment of the Applicant's market power in the region.

Finally, we have conservatively included all the installed capacity owned by affiliates of the Applicant in first tier markets, subject to the Total Transfer Capability (TTC) across each interface, as part of their total capacity controlled with respect to the New England market. Under this conservative approach, we first allocated all available TTC first to the affiliates of Bellows Falls (ignoring availability and long-term commitments, as well as transmission constraints) and then allocated the remaining TTC on a pro rata basis to other market participants based on their estimated market shares.

Even under such draconian 'worst case' assumptions, the Bellows Falls' acquisition does not have a significant influence on market concentration of demonstrated capacity in the New England market.

Indeed, we have found that New England is an unconcentrated market. On a seasonal total capacity basis, the HHI is substantially less than the 1,000 threshold used by Federal Energy

¹ Under an Option Agreement, the Project will be sold by USGen New England, Inc. (USGenNE) to the Town of Rockingham, Vermont. Bellows Falls will lease and operate the facility from Rockingham for a period of 74 years. Bellows Falls will sell the output of the facility on the wholesale market. As such, we assume that for the duration of the lease, Bellows Falls controls the capacity and output of the facility.

Regulatory Commission (FERC) and the U.S. Department of Justice to delineate market power concerns. Moreover, following the Transaction, New England's summer and winter capacity HHI increases by less than 10 points, again, illustrating that the Transaction is immaterial to market power concerns. In fact, after the Transaction (and including all installed capacity in first tier markets subject only to TTC limits), Brascan and Emera's market shares in New England are only at 4% and 3%, respectively, which far below the market shares of the larger players in the New England market.

In our opinion, the relatively small market shares of Brascan and Emera, the de minimus impact on market concentration, as well as the overall de-concentrated nature of the market in capacity terms, did not warrant further detailed analysis of market concentration in various segments of the energy market (i.e., the Delivered Price Test) or ancillary services market. Thus, this memo presents the market concentration for New England on a summer and demonstrated capacity basis only.

Table of Contents

EXECUTIVE SUMMARY	1
1 INTRODUCTION AND SCOPE OF ANALYSIS.....	4
2 DESCRIPTION OF ASSET AND AFFILIATED CAPACITY	6
2.1 NEW ENGLAND	6
2.2 FIRST-TIER MARKETS	8
3 DESCRIPTION OF MARKET	9
3.1 PRIMARY GEOGRAPHIC MARKET	9
3.1.1 <i>Data sources</i>	9
3.1.2 <i>Assumptions regarding other mergers and acquisitions of capacity in New England</i>	9
3.2 CAPACITY FROM FIRST TIER MARKETS	10
4 SUMMARY OF RESULTS	12
5 APPENDIX.....	15
5.1 POST-MERGER SUMMER DEMONSTRATED CAPACITY	15
5.2 PRE-MERGER SUMMER DEMONSTRATED CAPACITY	16
5.3 POST-MERGER WINTER DEMONSTRATED CAPACITY	17
5.4 PRE-MERGER WINTER DEMONSTRATED CAPACITY	18

Table of Figures

FIGURE 1. MAP OF BELLOWS FALLS AND ITS AFFILIATES ASSETS IN NEW ENGLAND AND ADJACENT CONTROL AREAS ..	6
FIGURE 2. LIST OF BELLOWS FALLS' AFFILIATED ASSETS IN THE NEW ENGLAND MARKET AREA	7
FIGURE 3. SUMMARY OF BELLOWS FALLS' UNCOMMITTED CAPACITY BY MARKET (MW)	8
FIGURE 4. CONSIDERING IMPORT LIMITS INTO NEW ENGLAND FROM FIRST-TIER MARKETS (MW), 2004	11
FIGURE 5. RESULTS OF CONCENTRATION ANALYSIS IN NEW ENGLAND MARKET FOR SEASONAL DEMONSTRATED CAPACITY	12
FIGURE 6. BRASCAN AND EMERA MARKET SHARES	12
FIGURE 7. LARGEST SUPPLIERS IN NEW ENGLAND MARKET BASED ON SUMMER DEMONSTRATED CAPACITY IN NEW ENGLAND	13
FIGURE 8. LARGEST SUPPLIERS IN NEW ENGLAND MARKET BASED ON SUMMER DEMONSTRATED CAPACITY IN NEW ENGLAND PLUS BRASCAN'S AND EMERA'S WORST CASE ALLOCATION OF TTCS.....	13

1 Introduction and Scope of Analysis

Section 203 of the Federal Power Act (FPA) requires Federal Energy Regulatory Commission (FERC) approval for the transfer of facilities subject to FERC's jurisdiction with a value in excess of \$50,000. Under Section 203, Applicants must demonstrate that the transaction is consistent with the public interest and that it will not adversely affect: (1) competition in the relevant markets; (2) wholesale rates; or (3) the ability of FERC to effectively regulate the Applicants.²

Our focus in this report is to address the first factor in this list, that of competition, and more specifically horizontal competition in the generation market by analyzing changes in capacity that may result from the proposed Transaction.

When evaluating the competitive market impact of an asset sale on electricity generation markets, FERC has generally adopted the US Department of Justice (DOJ) and Federal Trade Commission's horizontal merger guidelines³ (the Guidelines) as set forth in Appendix A to the Commission's *Merger Policy Statement*.

The Guidelines and *Merger Policy Statement* set out five steps for such an analysis. The first stage is to assess whether the merger will increase concentration in the market. The second stage determines whether the merger would result in "adverse competitive effects." The third stage looks at whether new entry into the market could mitigate any negative impacts from the merger, while the fourth stage assesses whether or not the merger results in efficiency gains that are not achievable in any other way. Finally, the fifth and last stage of analysis recommended by the Guidelines assesses the likelihood in the *absence* of the merger that either party would fail and thereby cause its assets to exit the market.

The basis for this analysis rests in the first stage of concentration analysis. The fundamental assessment required in this stage is to determine the likelihood of increased concentration levels in relevant product and geographic markets as measured by the Herfindahl-Hirschman Index (HHI), an approach commonly applied in economics and required by Order Nos. 592 and 642.

The HHI is an analytical approach that can be used not only to assess the current level of concentration in the market, achieved by adding the squared market shares⁴ of every market

² *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. and Regs. 31,044 (1996), *reh'g denied*, Order No. 592-A, 79 FERC 61,321 (1997) (*Merger Policy Statement*"); *Revised Filing Requirements Under Part 33 of the Commission's Regulations*, Order No. 642, FERC Stats. & Regs. 31,111 (2000), *order on reh'g*, Order No. 642-A, 94 FERC 61,289 (2001) (collectively Order No. 642).

³ US Department of Justice and Federal Trade Commission, *Horizontal Merger Guidelines*, 57 Fed. Reg. 41,552 (1992).

⁴ Squaring the market shares places more weight on the larger firms, thereby heightening the sensitivity of the analysis to market power. The theoretical corollary supporting the validity of the concentration analysis in the HHI can be found in Cournot market theory. The HHI yields the price-cost margins in Cournot competition.

participant together, but also to assess the impact of a merger or transaction on that market's concentration. For example, if there were only one firm in the market (i.e., a monopoly or monopsony)⁵, the firm would have 100% market share and the HHI would be equal to the maximum value of 10,000. On the other extreme, if a market has innumerable participants with market shares close to 0%, then the HHI would approach zero, the lower bound, indicating nearly perfect competition.

The Guidelines lay out three ranges of market power concentration:

- **an unconcentrated post-merger market**, which is indicated by an HHI below 1,000; regardless of the change in HHI due to the merger, the merger is unlikely to have adverse competitive effects.
- **a moderately concentrated post-merger market**, which is indicated by an HHI ranging from 1,000 to 1,800 *and* a change in HHI following the merger greater than 100; in this case, the merger potentially raises significant competitive concerns.
- **a highly concentrated post-merger market**, which is indicated by an HHI above 1,800; in this case a change in HHI that exceeds 50 indicates that the merger potentially raises significant competitive concerns; if the change in HHI exceeds 100, it is presumed that the merger is likely to create or enhance market power.

Thus, the concentration analysis requires that we estimate the status quo HHI (pre-merger HHI) for the defined market as well as the HHI after the transaction is consummated (post-merger HHI). Given these two measures, we calculate the change in HHI as a result of this transaction on the basis of summer and winter demonstrated capacity.

If the concentration analysis indicates that a proposed merger may significantly increase concentration in any of the relevant markets, the Guidelines and *Merger Policy Statement* suggest that the transaction be further assessed or that factors be found that could mitigate the potential competitive harm. If the Guideline thresholds are not exceeded, no further analysis is required.

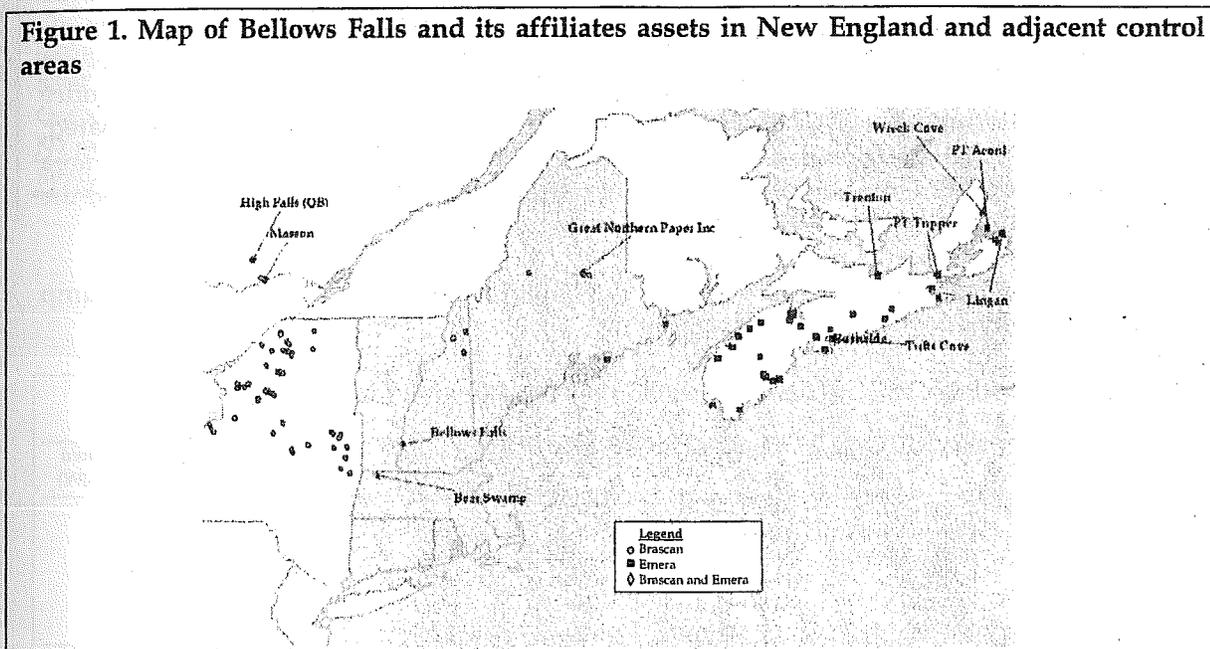
On the basis of the results that were obtained using summer and winter demonstrated capacity, which we summarize in Section 4 starting on page 12, we conclude that a full Delivered Price Test, which would look at concentration in various segments of the energy market and ancillary services, is unwarranted. Thus, this paper presents a concentration analysis on a NEPOOL wide demonstrated capacity basis.

⁵ If there is a single supplier in an industry, that is termed a monopoly. A single buyer market is termed a monopsony.

2 Description of asset and affiliated capacity

Bellows Falls is newly-formed limited liability company, created to lease and operate the 49 MW Bellows Falls hydroelectric Project located in Rockingham, Vermont (the Project).⁶ The membership interests in BFPC will be held indirectly by Brascan Corporation (Brascan), a Canadian asset management company, and indirectly by Emera Inc. (Emera), a Canadian holding company that also owns Bangor Hydro-Electric Company and Nova Scotia Power, Inc., which are regulated utilities located in Maine and Nova Scotia, respectively. Each of Emera and Brascan will hold indirectly 50% of the membership interests of Bellows Falls. Both Brascan and Emera, directly and indirectly through subsidiaries, own other generation assets in New England, as well as in several first-tier control areas surrounding New England. Our concentration analysis for the Project thus incorporates the downstream holdings of Bellows Falls' upstream parent companies in New England and adjacent control areas.

Figure 1. Map of Bellows Falls and its affiliates assets in New England and adjacent control areas



2.1 New England

Bellows Falls' affiliates own and/or control approximately 4,142 MW of capacity, located in New England and the first-tier markets of New York, Maritimes, and Québec. Of the 3,293 MW located in first-tier markets, approximately 2,331 MW or 71% of the installed capacity is committed under long-term contracts. Most of these assets are hydroelectric and many are

⁶ Under an Option Agreement, the Project will be sold by USGen New England, Inc. (USGenNE) to the Town of Rockingham, Vermont. Bellows Falls will lease and operate the facility from Rockingham for a period of 74 years. Bellows Falls will sell the output of the facility on the wholesale market. As such, we assume that for the duration of the lease, Bellows Falls controls the capacity and output of the facility.

used to provide energy and operating reserves in their respective markets. The map above shows the affiliate holdings in New England (highlighted in green) and adjacent market areas.

On January 20, 2005, an affiliate of the Applicant, BPI, acquired, through wholly-owned subsidiaries, the partnership interests of two companies that own 23 MW of hydroelectric capacity (referred to as '23 MW acquisition') in Maine (15 MW) (referred to as 'NE acquisition') and New York (8 MW) ('NY acquisition').⁷ We have included the 23 MW of capacity from this acquisition in our assessment of Bellows Falls' impact on competition in New England and first-tier markets.

It should be noted that, in addition, on December 23, 2004, a proposed transaction was announced under which Brascan and Emera, through a jointly-owned subsidiary, the Bear Swamp Power Company, LLC, intend to acquire the 589 MW Bear Swamp Pumped Storage Project (Bear Swamp Project) located on the Deerfield River in northern Massachusetts. Also included in the acquisition is the nearby 10 MW Fife Brook Project (Fife Brook Project), a run-of-river hydroelectric facility. While this transaction (the "Bear Swamp Transaction") has not yet closed, to be conservative, we have included Bear Swamp and Fife Brook Projects' entire capacity in our 'post-merger' HHI. If the proposed Bear Swamp Transaction is consummated, Bellows Falls' affiliated ownership of generation in ISO New England's (ISO-NE's) control area will increase by 599 MW. None of the Bear Swamp capacity is currently under contract, and the entire 599 MW is included in the HHI calculations.

A list of Bellows Falls' affiliated assets in New England, including the proposed Bear Swamp Transaction capacity, is provided in Figure 2 below.

Figure 2. List of Bellows Falls' affiliated assets in the New England Market Area

Asset	Upstream owner	Region	Fuel	Total capacity (MW)	Under contract	Uncommitted capacity (MW)
Bangor Hydro Electric	Emera	New England	Hydro	12	100%	0
Bear Swamp	Brascan/Emera	New England	Hydro	599	0%	599
Bellows Falls	Brascan/Emera	New England	Hydro	49	0%	49
New NE asset	Brascan	New England	Hydro	15	100%	0
Maine Power	Brascan	New England	Hydro	129	100%	0
New Hampshire Power	Brascan	New England	Hydro	44	52%	21
Subtotal New England				849		669

Note that the Bear Swamp acquisition was announced on December 23, 2004.

Inclusive of the pending Bear Swamp Transaction, Bellows Falls' affiliated nominal capacity is 849 MW, with summer and winter demonstrated capacity of 723 MW and 752 MW, respectively. Although our concentration analysis has conservatively not adjusted for contracts and other long-term commitments, it is nevertheless important to note that total available capacity is approximately 669 MW in New England or only 79% of total installed capacity of the Bellows Falls and affiliated nameplate capacity.

⁷ The Maine 15 MW facility is the Hydro-Kennebec Project (FERC Docket P-2611). The New York 7 MW facility is the West Delaware Project (FERC Docket P-9159).

2.2 First-tier markets

Bellows Falls' affiliates own generation in all three of New England's first-tier markets: New York, Québec, and Maritimes.⁸ We have included the New York component of the 23 MW acquisition (listed as NY New Acquisition in the table below) in the market power analysis of first-tier markets. Despite ownership interests in 3,293 MW of installed capacity, Bellows Falls' available affiliated uncommitted capacity from these holdings is, in fact, much smaller. In total, all but 961 MW of Bellows Falls' affiliated installed capacity located in New England's first-tier markets is committed under long term contracts/obligations, as shown in the figure below.

Figure 3. Summary of Bellows Falls' uncommitted capacity by market (MW)

Asset	Upstream owner	Region	Fuel	Total installed capacity (MW)	Under contract	Uncommitted capacity (MW)
GPLI	Brascan	New York	Hydro	776	0%	776
NSPI	Emera	Maritimes	Hydro/Thermal	2,243	98%	50
Québec Power	Brascan	Quebec	Hydro	266	52%	128
NY new acquisition	Brascan	New York	Hydro	7.5	0%	8
Subtotal First-Tier Markets				3,293		961

⁸ We refer to Maritimes because there is a single system controller for the Atlantic provinces in Canada. Emera owns capacity in the province of Nova Scotia, which is interconnected with New Brunswick, which is directly connected with New England via transmission interfaces in Maine.

3 Description of market

3.1 Primary geographic market

The primary geographical market for assessing the potential competitive impact of the acquisition of BFPC is the New England market. This is based on FERC's guidelines for geographic market definition: an RTO, such as ISO-New England, Inc. (ISO-NE), is its own market provided that the generation is wholly located within that RTO.⁹ For our capacity-based HHI analysis, the market includes all capacity located within ISO-NE's control area (i.e., NEPOOL) and the TTC of all interconnections with the ISO-NE transmission system.

3.1.1 Data sources

We use data from ISO-NE as our primary basis for building a comprehensive HHI database, consisting of market participants and their total capacity (installed capacity and summer and winter demonstrated capacity). Our primary source of data was the *2004 CELT Report*, which contains data on facility ownership/control and installed capacity for all generation located within ISO-NE.¹⁰ The latest *CELT Report* was completed in May 2004; thus, we also cross-referenced the entries from this *CELT Report* against ISO-NE's *January 2005 Seasonal Claimed Capacity Report*.¹¹

However, neither of these reports reflects changes in ownership that are anticipated as a result of ongoing mergers, restructuring, and acquisitions. In order to integrate any recent or ongoing mergers or acquisitions that could affect New England's market concentration, we also updated the HHI database using other sources, such as E-Velocity, a commercially managed database of installed capacity that is regularly updated for transaction announcements, press research on the New England market, and research on company websites regarding their installed capacity.

3.1.2 Assumptions regarding other mergers and acquisitions of capacity in New England

In the course of our HHI database authoring process, we were obliged to make assumptions as to the likelihood that certain transactions would or would not be approved and consummated. Below we include a list of the transactions that are currently ongoing that we assumed would be finalized. Thus, the following transactions are reflected in both the 'pre-merger' and 'post-merger' HHIs:

⁹ Order No. 642 at 31,884.

¹⁰ Available at http://www.iso-ne.com/Historical Data/CELT_Report/2004_CELT_Report/2004_CELT_Spreadsheets/

¹¹ Available at http://www.iso-ne.com/seasonal_claim_capability_report/

- TransCanada Pipeline's (TransCanada) announced acquisition of USGenNE's hydroelectric assets in New England (518 MW) in October 2004 (excluding the Bellows Falls Project);
- Dominion Resources' announced acquisition of USGenNE's thermal assets in New England (2,800 MW) in September 2004;
- EBG Holdings' announced acquisition of Exelon's Boston Generating subsidiary assets (3,000 MW) in September 2004; and
- Bear Swamp Power Company LLC's announced acquisition of the 589 MW hydroelectric pumped storage Bear Swamp facility and 10 MW run-of-river Fife Brook facility in December 2004.

3.2 Capacity from first-tier markets

Because affiliates of Bellows Falls own generation capacity in neighboring regions to New England, notably New York, Maritimes, and Quebec, we also included the Total Transfer Capability (TTC) from those regions into the New England market as part of our analysis.

In allocating the import capability, we assumed as a worst case scenario that the affiliates of Bellows Falls would be able to import all of their installed capacity¹² in first-tier regions, subject only to the total transfer capability limits of the import lines. This is a very hypothetical, worst case assumption for several reasons. First, many of Bellows Falls affiliates have long-term supply commitments and obligations which substantially reduce the amount of capacity they have available to import into the New England market. (For example, Emera's Nova Scotia Power ostensibly has more than 2,000 MW of installed capacity in Nova Scotia, all of which is counted under our analysis, but in reality only 50 MW of this capacity is available for occasional export to New England.) Second, there are transmission constraints that limit flows below the TTC, as is illustrated in the figure below. Both Available Transfer Capability (ATC) and maximum actual flows are a more realistic assessment of import capabilities based on thermal and physical conditions. Third, there is no reason that Bellows Falls' affiliates would have an advantage over other suppliers to send their power through in disproportionate amounts to others.

Regardless, we have chosen to use the worst case scenario and assumed that Bellows Falls' affiliates can import their entire installed capacity subject only to TTC limits. Thus, Emera was allocated 700 MW, the maximum TTC from Maritimes, from its installed capacity of 2,243 MW in Nova Scotia and Brascan was allocated 1,050 MW, its total installed capacity in New York and Quebec. The remaining available TTC (2,439 MW) was then allocated among other market participants based on their current market shares (i.e., pre-merger HHI factors). Even under such a worst case scenario, the acquisition of Bellows Falls does not contribute to a significant increase in market concentration, as is discussed in the next section.

¹² Note that in the interest of assessing the worst case scenario, we are ignoring long term commitments in this analysis.

Figure 4. Considering import limits into New England from first-tier markets (MW), 2004

	Total Transfer Capacity	Available Transfer Capacity	Maximum actual flows (October 7, 2004 14:00)
Maritimes	700	400	139
Quebec	2,288	1,500	1,697
New York	1,200	600	806
Total	4,188	2,500	2,642

*Source: NPPC for TTC and
ATC (as of January 10, 2004);
ISO-NE hourly data November
30, 2003 through December 1,
2004 for maximum actual flows.*

4 Summary of results

The Transaction does not substantially change the concentration of demonstrated capacity in the New England market. Indeed, the New England market is an un-concentrated market before and after the merger, as illustrated by its HHI being less than 1,000. The change in HHI is insignificant, increasing the HHI by less than 10, as illustrated in the summary graphic below. The results were consistent using both demonstrated summer and winter capacity.

Figure 5. Results of concentration analysis in New England market for seasonal demonstrated capacity

	<i>Total Capacity HHIs</i>	
	<i>Summer</i>	<i>Winter</i>
Pre-merger	632	613
Post-merger	639	620
Change	7.3	6.8
% Change in HHI	1.2%	1.1%

While both Brascan and Emera's market shares do slightly increase following the transaction, they are both relatively small actors in the New England market, with market shares - that very conservatively include all of their installed capacity in first-tier markets subject only to TTC limits - of 4% and 3%, respectively. Again, the results remain consistent when using both summer and winter demonstrated capacity.

Figure 6. Brascan and Emera market shares

	<i>Total Capacity Market Shares (summer)</i>	
	Brascan	Emera
Pre-merger	3.2%	2.0%
Post-merger	4.1%	2.9%
Change	0.9%	0.9%
	<i>Total Capacity Market Shares (winter)</i>	
	Brascan	Emera
Pre-merger	3.0%	1.9%
Post-merger	3.9%	2.7%
Change	0.9%	0.9%

As an illustration of Brascan and Emera's relative small size in New England, we have included two pie charts breaking out the market shares of the top ten generators (all others are grouped

under the "other" category). Based on New England's summer demonstrated capacity¹³, neither Brascan nor Emera make the top 10 supplier list. The top 10 suppliers control the majority (more than 60%) of total capacity in the region, as shown in the graphic below. If we add in our conservative 'worst case' assumptions regarding allocation of import capacity from neighboring markets, then Brascan is ranked as the seventh largest supplier on a capacity basis in the market; however, even here it has only a 4% market share. In the Appendix at the end of this document, we provide more detailed worksheets on this analysis, including estimated market shares for all suppliers in New England pre- and post-merger.

Figure 7. Largest suppliers in New England market based on summer demonstrated capacity in New England

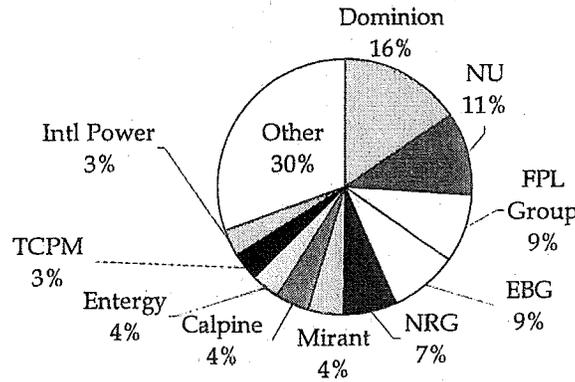
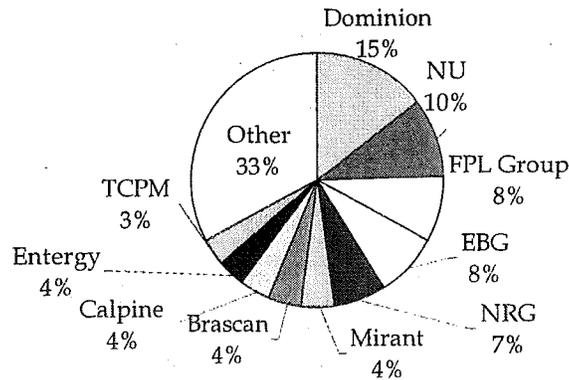


Figure 8. Largest suppliers in New England market based on summer demonstrated capacity in New England plus Brascan's and Emera's worst case allocation of TTCs



¹³ While we only show the market share pie charts for summer demonstrated capacity, the results are similar using winter demonstrated capacity. For a complete table of results using winter demonstrated capacity, please see the Appendix.

Finally, although we have clearly demonstrated that the transaction does not lead to a significant increase in market power and that the New England generation market remains unconcentrated, two other issues that affect market power should be noted.

First, other elements can affect a competitiveness analysis, such as the timeliness, likelihood and sufficiency of new entry. Indeed, there continues to be a steady influx of new entry in the New England market. Nearly 10,000 MW of new capacity has been added to the New England system since 1999.¹⁴ An addition 1,500 MW has received regulatory approval and 127 MW is currently under construction.¹⁵ The influx of new entry can reduce the market shares of existing participants, such as Bellows Falls and its affiliates.

Second, if Bellows Falls does not lease this Project as part of the Transaction, the Project may otherwise be acquired by a subsidiary of TransCanada (the buyer of several other hydroelectric facilities from USGenNE, which is leaving the New England market). Thus the Transaction would further deconcentrate the New England capacity market from the levels of concentration that would exist if TransCanada takes possession of the Project.

¹⁴ ISO-NE, RTEP 2004 Technical Report, October 2004.

¹⁵ ISO-NE, RTEP 2004 Technical Report, October 2004.

5 Appendix

5.1 Post-merger summer demonstrated capacity

HHI Calculations for New England based on existing generation							
Post-merger (Bellows Falls and Bear Swamp)							
Company	Demonstrated Summer Capacity (MW)	Market share - NE (%)	Capacity from first tier markets (MW)	Total Capacity (MW)	Total market share (%)	Market share squared	HHI
AES	908.56	2.9%	71.6	980.1	2.8%	0.00	7.74
BELD	77.76	0.3%	6.1	83.9	0.2%	0.00	0.06
BEM	397.725	1.3%	1,049.5	1,447.2	4.1%	0.00	16.87
BHE	3	0.0%	0.2	3.2	0.0%	0.00	0.00
Calpine	1282.79	4.1%	101.0	1,383.8	3.9%	0.00	15.43
CMBEC	69.82	0.2%	5.5	75.3	0.2%	0.00	0.05
CMLP	9.38	0.0%	0.7	10.1	0.0%	0.00	0.00
CMP	12.15	0.0%	1.0	13.1	0.0%	0.00	0.00
CNE	13.7	0.0%	1.1	14.8	0.0%	0.00	0.00
Cogentrix	141.04	0.5%	11.1	152.1	0.4%	0.00	0.19
Consolidated Edison	760.5	2.4%	59.9	820.4	2.3%	0.00	5.42
CPS	221.06	0.7%	17.4	238.5	0.7%	0.00	0.46
Dominion	4618.542	15.5%	379.5	5,198.1	14.8%	0.02	217.65
Duke	938.31	3.0%	73.9	1,012.2	2.9%	0.00	8.25
EA	0.36	0.0%	0.0	0.4	0.0%	0.00	0.00
BBG	2644.93	8.5%	208.3	2,853.3	8.1%	0.01	65.58
El Paso Corp	354.91	1.1%	28.0	382.9	1.1%	0.00	1.18
EMERA	310.655	1.0%	700.0	1,010.7	2.9%	0.00	8.23
ENE	79.76	0.3%	6.3	86.0	0.2%	0.00	0.06
Entergy	1190.75	3.8%	93.8	1,284.5	3.6%	0.00	13.29
EXELON	500.65	1.6%	39.4	540.1	1.5%	0.00	2.35
FGE	25.12	0.1%	2.0	27.1	0.1%	0.00	0.01
FPL Group	2651.715	8.5%	208.9	2,860.6	8.1%	0.01	65.92
GELD	1.69	0.0%	0.1	1.8	0.0%	0.00	0.00
HGE	63.12	0.2%	5.0	68.1	0.2%	0.00	0.04
HLPD	15.8	0.1%	1.2	17.0	0.0%	0.00	0.00
HMLD	0.13	0.0%	0.0	0.1	0.0%	0.00	0.00
HMLP	1.55	0.0%	0.1	1.7	0.0%	0.00	0.00
HULL	0.17	0.0%	0.0	0.2	0.0%	0.00	0.00
Hydro Quebec	164.76	0.5%	13.0	177.7	0.5%	0.00	0.25
IMLD	13.28	0.0%	1.0	14.3	0.0%	0.00	0.00
INDCK	21.24	0.1%	1.7	22.9	0.1%	0.00	0.00
International Power	1030.16	3.3%	81.1	1,111.3	3.2%	0.00	9.95
LBLWD	0.6	0.0%	0.0	0.6	0.0%	0.00	0.00
Lowell Cogen Co LP	25	0.1%	2.0	27.0	0.1%	0.00	0.01
MACH Gen LLC	337.8	1.1%	26.6	364.4	1.0%	0.00	1.07
Mass. Municipal Wholesale Electric Co	655.126	2.1%	51.6	706.7	2.0%	0.00	4.02
Mirant	1374.76	4.4%	108.3	1,483.0	4.2%	0.00	17.72
MMLD	6	0.0%	0.5	6.5	0.0%	0.00	0.00
MSCG	2.09	0.0%	0.2	2.3	0.0%	0.00	0.00
NGRID	66.32	0.2%	5.2	71.5	0.2%	0.00	0.04
NHEC	7.4	0.0%	0.6	8.0	0.0%	0.00	0.00
NRG	2168.31	7.0%	170.8	2,339.1	6.6%	0.00	44.07
NSTAR	701.396	2.3%	55.2	756.6	2.1%	0.00	4.61
NU	3298.97	10.6%	259.8	3,558.8	10.1%	0.01	102.02
PMLP	43.16	0.1%	3.4	46.6	0.1%	0.00	0.02
PPL Corp	9.11	0.0%	0.7	9.8	0.0%	0.00	0.00
PPLP	244.91	0.8%	19.3	264.2	0.7%	0.00	0.56
FSEG	986.5	3.2%	77.7	1,064.2	3.0%	0.00	9.12
SELP	13.75	0.0%	1.1	14.8	0.0%	0.00	0.00
Sempra Energy Trading	704.38	2.3%	55.5	759.9	2.2%	0.00	4.65
SMED	0.33	0.0%	0.0	0.4	0.0%	0.00	0.00
Taunton Municipal Lighting Plant	140.18	0.5%	11.0	151.2	0.4%	0.00	0.18
TCPM	1060.46	3.4%	83.5	1,144.0	3.2%	0.00	10.54
TMLP	0.49	0.0%	0.0	0.5	0.0%	0.00	0.00
UAE Lowell Power LLC	75.5	0.2%	5.9	81.4	0.2%	0.00	0.05
UI	61	0.2%	4.8	65.8	0.2%	0.00	0.03
VELCO	334.27	1.1%	48.9	383.2	1.1%	0.00	1.18
WBMLP	3.2	0.0%	26.3	29.5	0.1%	0.00	0.01
TOTAL	31,046		4,188	35,234		639	

5.2 Pre-merger summer demonstrated capacity

HHI Calculations for New England based on existing generation							
<i>Pre-merger (assuming consummation of Dominion and TCPL acquisitions from USGen)</i>							
Company	Demonstrated Summer Capacity (MW)	Market share - NE (%)	Capacity from first tier markets (MW)	Total Capacity (MW)	Total market share (%)	Market share squared	HHI
AES	909	2.9%	71.6	980.1	2.8%	0.00	7.74
BELD	78	0.3%	6.1	83.9	0.2%	0.00	0.06
BEM	87	0.3%	1,049.5	1,136.6	3.2%	0.00	10.41
BHE	3	0.0%	0.2	3.2	0.0%	0.00	0.00
Calpine	1,283	4.1%	101.0	1,383.8	3.9%	0.00	15.43
CMBEC	70	0.2%	5.5	75.3	0.2%	0.00	0.05
CMLP	9	0.0%	0.7	10.1	0.0%	0.00	0.00
CMP	12	0.0%	1.0	13.1	0.0%	0.00	0.00
CNE	14	0.0%	1.1	14.8	0.0%	0.00	0.00
Cogentrix	141	0.5%	11.1	152.1	0.4%	0.00	0.19
Consolidated Edison	761	2.4%	59.9	820.4	2.3%	0.00	5.42
CPS	221	0.7%	17.4	238.5	0.7%	0.00	0.46
Dominion	4,819	15.5%	379.5	5,198.1	14.8%	0.02	217.64
Duke	938	3.0%	73.9	1,012.2	2.9%	0.00	8.25
EA	0	0.0%	0.0	0.4	0.0%	0.00	0.00
EBG	2,645	8.5%	208.3	2,853.3	8.1%	0.01	65.58
El Paso Corp	355	1.1%	28.0	382.9	1.1%	0.00	1.18
EMERA	-	0.0%	700.0	700.0	2.0%	0.00	3.95
ENE	80	0.3%	6.3	86.0	0.2%	0.00	0.06
Entergy	1,191	3.8%	93.8	1,284.5	3.6%	0.00	13.29
EXBLON	501	1.6%	39.4	540.1	1.5%	0.00	2.35
FGE	25	0.1%	2.0	27.1	0.1%	0.00	0.01
FPL Group	2,652	8.5%	208.9	2,860.6	8.1%	0.01	65.91
GBLD	2	0.0%	0.1	1.8	0.0%	0.00	0.00
HGE	63	0.2%	5.0	68.1	0.2%	0.00	0.04
HLPD	16	0.1%	1.2	17.0	0.0%	0.00	0.00
HMLD	0	0.0%	0.0	0.1	0.0%	0.00	0.00
HMLP	2	0.0%	0.1	1.7	0.0%	0.00	0.00
HULL	0	0.0%	0.0	0.2	0.0%	0.00	0.00
Hydro Quebec	165	0.5%	13.0	177.7	0.5%	0.00	0.25
IMLD	13	0.0%	1.0	14.3	0.0%	0.00	0.00
INDCK	21	0.1%	1.7	22.9	0.1%	0.00	0.00
International Power	1,030	3.3%	81.1	1,111.3	3.2%	0.00	9.95
LELWD	1	0.0%	0.0	0.6	0.0%	0.00	0.00
Lowell Cogen Co LP	25	0.1%	2.0	27.0	0.1%	0.00	0.01
MACH Gen LLC	338	1.1%	26.6	364.4	1.0%	0.00	1.07
Mass. Municipal Wholesale Electric Co	655	2.1%	51.6	706.7	2.0%	0.00	4.02
Mirant	1,375	4.4%	108.3	1,483.0	4.2%	0.00	17.72
MMLD	6	0.0%	0.5	6.5	0.0%	0.00	0.00
MSCG	2	0.0%	0.2	2.3	0.0%	0.00	0.00
NGRID	66	0.2%	5.2	71.5	0.2%	0.00	0.04
NHEC	7	0.0%	0.6	8.0	0.0%	0.00	0.00
NRG	2,168	7.0%	170.8	2,339.1	6.6%	0.00	44.07
NSTAR	701	2.3%	55.2	756.6	2.1%	0.00	4.61
NU	3,299	10.6%	259.8	3,558.8	10.1%	0.01	102.02
PMLP	43	0.1%	3.4	46.6	0.1%	0.00	0.02
PPL Corp	9	0.0%	0.7	9.8	0.0%	0.00	0.00
PPLP	245	0.8%	19.3	264.2	0.7%	0.00	0.56
PSEG	987	3.2%	77.7	1,064.7	3.0%	0.00	9.13
SELP	14	0.0%	1.1	14.8	0.0%	0.00	0.00
Sempra Energy Trading	704	2.3%	55.5	759.9	2.2%	0.00	4.65
SMED	0	0.0%	0.0	0.4	0.0%	0.00	0.00
Taunton Municipal Lighting Plant	140	0.5%	11.0	151.2	0.4%	0.00	0.18
TCPL	1,060	3.4%	83.5	1,144.0	3.2%	0.00	10.54
TMLP	0	0.0%	0.0	0.5	0.0%	0.00	0.00
UAE Lowell Power LLC	75.5	0.2%	5.9	81.4	0.2%	0.00	0.05
UI	61	0.2%	4.8	65.8	0.2%	0.00	0.03
USGEN	621	2.0%	48.9	670.2	1.9%	0.00	3.62
VELCO	334	1.1%	26.3	360.6	1.0%	0.00	1.05
WBMLP	3	0.0%	0.3	3.5	0.0%	0.00	0.00
TOTAL	31,047		4,188	35,235		632	

5.3 Post-merger winter demonstrated capacity

HHI Calculations for New England based on existing generation							
<i>Post-merger (Bellows Falls and Bear Swamp)</i>							
Company	Demonstrated Winter Capacity (MW)	Market share - NE (%)	Capacity from first tier markets (MW)	Total Capacity (MW)	Total market share (%)	Market share squared	HHI
AES	1047.94	3.1%	76.4	1,124.3	3.0%	0.00	8.88
BELD	95.76	0.3%	7.0	102.7	0.3%	0.00	0.07
BEM	428.84	1.3%	1049.5	1,478.3	3.9%	0.00	15.35
BHE	3	0.0%	0.2	3.2	0.0%	0.00	0.00
Calpine	1447.24	4.3%	105.5	1,552.7	4.1%	0.00	16.93
CMBEC	73.55	0.2%	5.4	78.9	0.2%	0.00	0.04
CMLP	9.06	0.0%	0.7	9.7	0.0%	0.00	0.00
CMP	18.05	0.1%	2.3	20.4	0.1%	0.00	0.00
CNE	13.7	0.0%	1.0	14.7	0.0%	0.00	0.00
Cogentrix	173	0.5%	12.6	185.6	0.5%	0.00	0.24
Consolidated Edison	812.06	2.4%	59.2	871.3	2.3%	0.00	5.33
CPS	224.02	0.7%	16.3	240.3	0.6%	0.00	0.41
Dominion	4976.658	14.8%	362.8	5,339.4	14.1%	0.02	200.21
Duke	1067.55	3.2%	77.8	1,145.4	3.0%	0.00	9.21
EA	0.36	0.0%	0.0	0.4	0.0%	0.00	0.00
EBG	3099.87	9.2%	226.0	3,325.8	8.8%	0.01	77.68
El Paso Corp	381.3	1.1%	27.8	409.1	1.1%	0.00	1.18
EMERA	321.88	1.0%	700	1,021.9	2.7%	0.00	7.33
ENE	80.12	0.2%	5.8	86.0	0.2%	0.00	0.05
Entergy	1213.83	3.6%	88.5	1,302.3	3.5%	0.00	11.91
EXELON	585.6	1.7%	42.7	628.3	1.7%	0.00	2.77
FGE	25.63	0.1%	1.9	27.5	0.1%	0.00	0.01
FPL Group	2735.38	8.2%	199.4	2,934.8	7.8%	0.01	60.49
GBLD	2	0.0%	0.1	2.1	0.0%	0.00	0.00
HGE	60.61	0.2%	4.4	65.0	0.2%	0.00	0.03
HLPD	15.8	0.0%	1.2	17.0	0.0%	0.00	0.00
HMLD	0.43	0.0%	0.0	0.5	0.0%	0.00	0.00
HMLP	1.85	0.0%	0.1	2.0	0.0%	0.00	0.00
HULL	0.17	0.0%	0.0	0.2	0.0%	0.00	0.00
Hydro Quebec	193.13	0.6%	14.1	207.2	0.5%	0.00	0.30
IMLD	13.28	0.0%	1.0	14.2	0.0%	0.00	0.00
INDCK	24.8	0.1%	1.8	26.6	0.1%	0.00	0.00
International Power	1172.59	3.5%	85.5	1,258.1	3.3%	0.00	11.11
LELWD	0.97	0.0%	0.1	1.0	0.0%	0.00	0.00
Lowell Cogen Co LP	27.25	0.1%	2.0	29.2	0.1%	0.00	0.01
MACH Gen LLC	386.8	1.2%	28.2	415.0	1.1%	0.00	1.21
Mass. Municipal Wholesale Electric Co	742.303	2.2%	54.1	796.4	2.1%	0.00	4.45
Mirant	1408.07	4.2%	102.6	1,510.7	4.0%	0.00	16.03
MMLD	6	0.0%	0.4	6.4	0.0%	0.00	0.00
MSCG	2.09	0.0%	0.2	2.2	0.0%	0.00	0.00
NGRID	66.3	0.2%	4.8	71.1	0.2%	0.00	0.04
NHEC	7.48	0.0%	0.5	8.0	0.0%	0.00	0.00
NRG	2281.74	6.8%	166.3	2,448.1	6.5%	0.00	42.09
NSTAR	834.726	2.5%	60.8	895.6	2.4%	0.00	5.63
NU	3404.49	10.1%	248.2	3,652.6	9.7%	0.01	93.70
PMLP	64.46	0.2%	4.7	69.2	0.2%	0.00	0.03
PPL Corp	8.82	0.0%	0.6	9.5	0.0%	0.00	0.00
PPLEP	288.33	0.9%	21.0	309.3	0.8%	0.00	0.67
PSEG	1023.07	3.0%	74.6	1,097.6	2.9%	0.00	8.46
SELP	13.75	0.0%	1.0	14.8	0.0%	0.00	0.00
Sempra Energy Trading	811.25	2.4%	59.1	870.4	2.3%	0.00	5.32
SMED	0.33	0.0%	0.0	0.4	0.0%	0.00	0.00
Taunton Municipal Lighting Plant	145.42	0.4%	10.6	156.0	0.4%	0.00	0.17
TCPM	1158.14	3.5%	84.4	1,242.6	3.3%	0.00	10.84
TMLP	0.53	0.0%	0.0	0.6	0.0%	0.00	0.00
UAE Lowell Power LLC	87.5	0.3%	6.4	93.9	0.2%	0.00	0.06
UI	61.03	0.2%	4.4	65.5	0.2%	0.00	0.03
VELCO	394.48	1.2%	46.9	441.4	1.2%	0.00	1.37
WBMLP	3.2	0.0%	28.8	32.0	0.1%	0.00	0.01
TOTAL	33,548		4,188	37,735		620	

5.4 Pre-merger winter demonstrated capacity

HHI Calculations for New England based on existing generation							
<i>Pre-merger (assuming consummation of Dominion and TCPL acquisitions from USGen)</i>							
Company	Demonstrated Winter Capacity (MW)	Market share - NE (%)	Capacity from first tier markets (MW)	Total Capacity (MW)	Total market share (%)	Market share squared	HHI
AES	1047.94	3.1%	76.4	1,124.3	3.0%	0.00	8.88
BELD	95.76	0.3%	7.0	102.7	0.3%	0.00	0.07
BBM	93.16	0.3%	1049.5	1,142.7	3.0%	0.00	9.17
BHE	3	0.0%	0.2	3.2	0.0%	0.00	0.00
Calpine	1447.24	4.3%	105.5	1,552.7	4.1%	0.00	16.93
CMBEC	73.55	0.2%	5.4	78.9	0.2%	0.00	0.04
CMLP	9.06	0.0%	0.7	9.7	0.0%	0.00	0.00
CMP	31.85	0.1%	2.3	34.2	0.1%	0.00	0.01
CNE	13.7	0.0%	1.0	14.7	0.0%	0.00	0.00
Cogentrix	173	0.5%	12.6	185.6	0.5%	0.00	0.24
Consolidated Edison	812.06	2.4%	59.2	871.3	2.3%	0.00	5.33
CPS	224.02	0.7%	16.3	240.3	0.6%	0.00	0.41
Dominion	4976.658	14.8%	362.8	5,339.4	14.1%	0.02	200.21
Duke	1067.55	3.2%	77.8	1,145.4	3.0%	0.00	9.21
EA	0.36	0.0%	0.0	0.4	0.0%	0.00	0.00
EBG	3099.87	9.2%	226.0	3,325.8	8.8%	0.01	77.68
El Paso Corp	381.3	1.1%	27.8	409.1	1.1%	0.00	1.18
EMERA	0	0.0%	700	700.0	1.9%	0.00	3.44
ENE	80.12	0.2%	5.8	86.0	0.2%	0.00	0.05
Entergy	1213.83	3.6%	88.5	1,302.3	3.5%	0.00	11.91
EXELON	585.6	1.7%	42.7	628.3	1.7%	0.00	2.77
FGE	25.63	0.1%	1.9	27.5	0.1%	0.00	0.01
FPL Group	2735.38	8.2%	199.4	2,934.8	7.8%	0.01	60.48
GELD	2	0.0%	0.1	2.1	0.0%	0.00	0.00
HGE	60.61	0.2%	4.4	65.0	0.2%	0.00	0.03
HLPD	15.8	0.0%	1.2	17.0	0.0%	0.00	0.00
HMLD	0.43	0.0%	0.0	0.5	0.0%	0.00	0.00
HMLP	1.85	0.0%	0.1	2.0	0.0%	0.00	0.00
HULL	0.17	0.0%	0.0	0.2	0.0%	0.00	0.00
Hydro Quebec	193.13	0.6%	14.1	207.2	0.5%	0.00	0.30
IMLD	13.28	0.0%	1.0	14.2	0.0%	0.00	0.00
INDCK	24.8	0.1%	1.8	26.6	0.1%	0.00	0.00
International Power	1172.59	3.5%	85.5	1,258.1	3.3%	0.00	11.11
LELWD	0.97	0.0%	0.1	1.0	0.0%	0.00	0.00
Lowell Cogen Co LP	27.25	0.1%	2.0	29.2	0.1%	0.00	0.01
MACH Gen LLC	386.8	1.2%	28.2	415.0	1.1%	0.00	1.21
Mass. Municipal Wholesale Electric Co	742.303	2.2%	54.1	796.4	2.1%	0.00	4.45
Mirant	1408.07	4.2%	102.6	1,510.7	4.0%	0.00	16.03
MMLD	6	0.0%	0.4	6.4	0.0%	0.00	0.00
MSCG	2.09	0.0%	0.2	2.2	0.0%	0.00	0.00
NGRID	66.3	0.2%	4.8	71.1	0.2%	0.00	0.04
NHEC	7.48	0.0%	0.5	8.0	0.0%	0.00	0.00
NRC	2281.74	6.8%	166.3	2,448.1	6.5%	0.00	42.09
NSTAR	834.726	2.5%	60.8	895.6	2.4%	0.00	5.63
NU	3404.49	10.1%	248.2	3,652.6	9.7%	0.01	93.69
PMLP	64.46	0.2%	4.7	69.2	0.2%	0.00	0.03
PPL Corp	8.82	0.0%	0.6	9.5	0.0%	0.00	0.00
PPLEP	288.33	0.9%	21.0	309.3	0.8%	0.00	0.67
PSEG	1023.07	3.0%	74.6	1,097.6	2.9%	0.00	8.46
SELP	13.75	0.0%	1.0	14.8	0.0%	0.00	0.00
Sempra Energy Trading	811.25	2.4%	59.1	870.4	2.3%	0.00	5.32
SMED	0.33	0.0%	0.0	0.4	0.0%	0.00	0.00
Taunton Municipal Lighting Plant	145.42	0.4%	10.6	156.0	0.4%	0.00	0.17
TCPM	1158.14	3.5%	84.4	1,242.6	3.3%	0.00	10.84
TMLP	0.53	0.0%	0.0	0.6	0.0%	0.00	0.00
UAE Lowell Power LLC	87.5	0.3%	6.4	93.9	0.2%	0.00	0.06
UI	61.03	0.2%	4.4	65.5	0.2%	0.00	0.03
USGEN	643.76	1.9%	46.9	690.7	1.8%	0.00	3.35
VELCO	394.48	1.2%	28.8	423.2	1.1%	0.00	1.26
WBMLP	3.2	0.0%	0.2	3.4	0.0%	0.00	0.00
TOTAL	33,548		4,188	37,736		613	

EXHIBIT B

VERMONT PUBLIC SERVICE BOARD
CERTIFICATE OF PUBLIC GOOD AND ORDER

6/6/05
Order #
Certificates

ATTACHMENT A

VERIFICATION

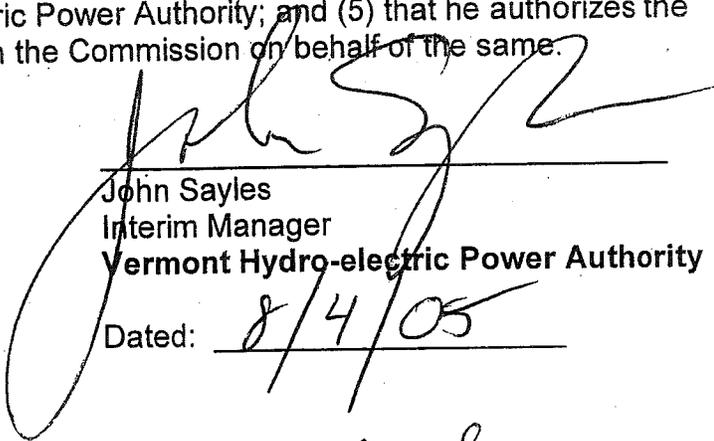
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

TransCanada Hydro Northeast Inc.
Vermont Hydro-electric Power Authority

Docket No. EC05-___-000

VERIFICATION

John Sayles, being duly sworn under oath, states: (1) that he is the Interim Manager of Vermont Hydro-electric Power Authority an applicant in this proceeding; (2) that he has read the foregoing application; (3) that the statements made therein with respect to Vermont Hydro-electric Power Authority are true and accurate to the best of his knowledge and belief; (4) that he has full power and authority to execute this application on behalf of Vermont Hydro-electric Power Authority; and (5) that he authorizes the submission of this application with the Commission on behalf of the same.



John Sayles
Interim Manager
Vermont Hydro-electric Power Authority

Dated: 8/4/05

I do hereby certify that on the 4th day of August, 2005, John Sayles personally appeared before the undersigned Notary Public and made oath to the foregoing.

Aileen M. Weed
Notary Public

My Commission expires: 2-10-07

ATTACHMENT B

FEDERAL REGISTER NOTICE

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**TransCanada Hydro Northeast Inc.
Vermont Hydro-electric Power Authority**

Docket No. EC05-____-000

**NOTICE OF APPLICATION
UNDER SECTION 203 OF THE FEDERAL POWER ACT,
REQUEST FOR EXPEDITED CONSIDERATION,
AND WAIVERS**

()

Take notice that on August 10, 2005, the Vermont Hydro-electric Power Authority ("VHPA") submitted an application pursuant to Section 203 of the Federal Power Act ("FPA") requesting authorization, to the extent necessary, for the transfer of certain FPA-jurisdictional facilities associated with the 49 MW Bellows Falls Hydroelectric Project ("Facility") from TransCanada Hydro Northeast Inc. to VHPA in order for VHPA to lease the Facility to the Bellows Falls Power Company, LLC. VHPA also requested a shortened comment period of ten (10) days and expedited authorization of the proposed transaction by issuing an order no later than September 9, 2005.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicants. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicants.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on (insert date).

Magalie R. Salas
Secretary