

From: Miller, Elizabeth
Sent: Wednesday, August 08, 2012 2:17 PM
To: MacLean, Alex; Allen, Susan
Subject: Fwd: Final round

I think I've given him all I plan to at this point - just FYI. Liz

Elizabeth H. Miller
Commissioner, VT Public Service Dept.

Begin forwarded message:

From: Ken Russell <kennethgrussell@mac.com>
Date: August 8, 2012 1:09:46 PM EDT
To: "Miller, Elizabeth" <Elizabeth.Miller@state.vt.us>
Subject: Re: Final round

Great. Thank you. I have looked at those sections of the order and also at the relevant sections in Docket 7213 regarding the earlier merger.

The question I have still is what Monsieur Tessier's presence on both the boards of GMP and Gaz Metro represents in terms of focus and management control, given his position at the Caisse. I have asked Robert Dostis to elaborate on this as well. For an outside observer, it is hard to know what happens in these board rooms.

Also, FYI, I will report on the deeply cynical view many have of the PSB. At the end of day, I will be left with two competing narratives on these institutions.

Again, I'm grateful for all of this.

BTW, I did put a call in to Sue Allen as well.

On Aug 8, 2012, at 1:00 PM, Miller, Elizabeth wrote:

Not at all; happy to help where I can.

On the first issue: You are right that the PSB noted the comments from the public and parties received on the issue of Canadian corporate ownership. You probably have reviewed already pages 26-31 which details the facts of ownership and control of the various companies. The Board analyzed and discussed the issue at

pages 87-88 of its order. The Board noted that CVPS had for many years been a New York Stock Exchange traded corporation, with ownership largely outside of Vermont ("owners who are largely unknown and unaccountable to Vermonters," as the Board put it). The Board noted, and I agree, that the "more critical interest lies in ensuring that the focus and management of our utilities remains in Vermont." The VELCO structure we pressed for helps ensure this will remain true, moving to a structure where 8 of 13 board seats represent or are chosen by public power or public interest entities. In addition, Vermont's regulatory oversight of rates, large power supply contracts, and energy project siting will and must continue to apply so that the public interest is protected, regardless of who holds the underlying ownership interest in the company.

On the second issue: Factually you should already be aware that my husband, who is a partner at Sheehey Furlong and Behm, does not practice in front of the Public Service Board and is screened off all such cases by his firm. His firm has for years represented various companies, including GMP, before the Board. (And of course I do not sit on the Board or practice as a lawyer myself in front of it.) While I understand the concerns that were raised, I disagree that either a conflict or a reasonable appearance of a conflict exists. I have worked hard to help the Department fulfill its job as public advocate and believe the thorough investigation done in the merger case, by outside experts hired by the Department and by our own staff, shows that. (Finally - he is not the managing partner of the firm any longer, as some have reported; that is a roving/rotating position administering the firm, and his service was up at the end of last year. Some reported that as a part of the story; just didn't want you to get the facts wrong.)

-----Original Message-----

From: Ken Russell [mailto:kennethgrussell@mac.com]

Sent: Wednesday, August 08, 2012 11:47 AM

To: Miller, Elizabeth

Subject: Final round

Hello Commissioner Miller,

I've been reluctant to follow-up, knowing that I've already asked a lot from you. I do however, need some further information to do the story I am writing justice.

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Could you comment on the concerns that Vermonters may have about our utilities being owned in a chain that leads up to the Province of Quebec through the Caisse, which is deemed to be property of the Province? I understand that ownership chains are not the same as management control, but it is true that Monsieur Robert Tessier, is the Chair of the Caisse, and also sits on the boards of GMP and Gaz Metro. The PSB order talks about effects of the merger on competition and regarding these companies as fair partners, but there doesn't seem to be a lot expressing concern about the mere fact of being part of a much larger corporate empire, and part of a global trend towards consolidation, which is a big change from the long held Vermont ethos of keeping control local. That's why I was drilling down a bit on the Velco structure and balance of power. It seems that we've come a long way since George Aiken, Phil Hoff, and others fighting for public power in the state. Perhaps, it is true, as the PSB order states that we're in a global economy now, but it is certainly a big paradigm shift for Vermonters. If you could provide some reassurance on this, that I can share with our readers, I'd be most grateful.

Unfortunately, also, I will have to briefly address the questions people have raised about how you and your husband are able to keep your professional roles separate and avoid conflict of interest. If you can provide a brief statement on that, I'd be grateful as well.

Forgive my pesky reportorial approach. It is my job.

All the best,
Ken Russell
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