



October 7, 2015

Mrs. Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street
Montpelier, VT 05620-2701

Re: Docket No. 7970 – Memorandum of Understanding between the
Department of Public Service and Vermont Gas Systems, Inc.

Dear Mrs. Hudson:

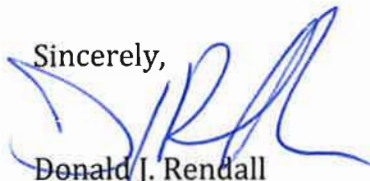
Vermont Gas Systems, Inc. (“Vermont Gas”) and the Department of Public Service have today agreed to a Memorandum of Understanding (“MOU”) that will cap the amount that the Company will seek to recover for costs of the Addison Natural Gas Project (the “Project”). A copy of the MOU is attached.

The MOU will help achieve an important, shared goal: capping pipeline construction costs and providing energy value to natural gas customers in Vermont. Vermont Gas will not seek to recover costs above \$134 million from customers (as compared to the project’s current estimated cost of \$154 million) except for certain costs beyond our control if they occur.

The parties have negotiated the MOU at this time based on their mutual interest in completing the Project on time and on budget for the benefit of customers and the general good of Vermont.

The Company has made excellent progress on the Project. We are near completion of the segment through Colchester, Essex, and Williston, which will achieve our 2015 construction goal on time and on budget.

Sincerely,



Donald J. Rendall
Chief Executive Officer

Attachment

Cc: Service List