

Republican Sen. Kevin Mullin has fired off a letter to his fellow Rutland County lawmakers lamenting the proposed sale of Central Vermont Public Service Corp. to one of two Canadian companies vying for control.

In the same email, Mullin was highly critical of the Shumlin administration for what he called its bias toward last week's \$702 million counteroffer by Gaz Metro and its subsidiary Green Mountain Power Corp. to buy CVPS.

Mullin isn't keen either on the \$700 million offer from Fortis Inc., the Canadian distribution utility, but said it was the better of the two deals.

He urged lawmakers in his email not to be fooled that either deal is good for the Rutland region. He wrote that the state shouldn't allow foreign corporations "to control our power supply."

Mullin said his primary concern is the economy of the Rutland region and that the Gaz Metro/GMP offer only raises his concerns.

"I haven't had a chance to do enough research to know all the answers yet but I know you can't make the savings you're going to save, all those millions of dollars," Mullin said Monday in a phone interview. "The only way you do that is those savings have come from someplace, and they would come from upper management and consolidation."

In its offer, Gaz Metro/GMP said the only layoffs will be executive management positions lost in the consolidation.

GMP President and CEO Mary Powell indicated last week that the combined company would be smaller in the future as people retired or left the company.

However, Mullin drew the analogy of what happened to jobs at Omya Inc., the Swiss company that moved its North American headquarters from Proctor to Cincinnati. Omya today has a much smaller work force in Proctor. It also has a major calcium carbonate plant in nearby Florence.

He said the job losses in Rutland are part of a disturbing pattern.

“We’ve lost all our local banks,” he said. “We lost the jobs at Omya, the better-paying jobs, the upper-level jobs have gone. We can’t keep going down this path.”

CVPS has 517 employees, of whom 127 work out of the Grove Street headquarters. The company also has a major facility in Rutland Town. GMP has a total of 205 employees.

In a statement Monday afternoon, GMP said it appreciates Mullin’s concerns about the local economy. But the company’s said its offer does more than protect jobs but also invests in the downtown with a new southern Vermont headquarters and making Rutland the state’s “solar city.”

“As the result of natural changes in the work force at GMP and at CVPS — for example, through retirements — there will be opportunities to achieve efficiencies that will save customers money on electric bills,” GMP said in its statement. “However, layoffs will not be part of that process — except for certain senior executive positions that will be duplicative within a combined utility. It is important to recognize that a well-run, efficient utility can help promote jobs across the state by offering lower rates, enabling local employers to be more competitive.”

In addition to GMP, Gaz Metro also owns Vermont Gas Systems, the state’s only provider of natural gas.

Mullin said what’s most disturbing to him is Shumlin’s obvious bias toward the GMP deal.

“As legislators, we have to ask the PSB (Public Service Board) to analyze both offers and figure out which is better,” Mullin said. “I think the governor coming out so quickly in favor of the GMP offer means Powell had his ear long before this thing was released to public. There is a connection between (Powell) and the governor, and I don’t want that connection influencing the Public Service Board into making decisions based on the fact he has that relationship.”

The sale of CVPS requires PSB, federal and stockholder approvals.

In an interview Monday, Shumlin said he won’t be able to issue final judgment on either offer until his executive branch lawyers finish “combing through the details of both offers.”

Shumlin however said that at first blush, the GMP proposal looks to be of greater benefit to ratepayers. “We’ve had some experience with unknown, out-of-state entities like Entergy Louisiana,” Shumlin said. “Green Mountain Power, Gaz Metro and Vermont Gas have almost three decades of being a great corporate citizen in Vermont.”

Shumlin said he isn’t asking the Public Service Board to prejudge the case, and that the interests of ratepayers should be paramount in any evaluation of either offer.

Shumlin said he was briefed on the GMP offer by Powell and other GMP representatives one week prior to last week’s public announcement. The meeting, he said, took place in “borrowed” office space in Burlington. “I had been briefed in very broad terms on the offer roughly a week before it came out,” he said.

In its statement, GMP said it was routine when such deals are about to take place to brief the administration beforehand. “We always communicate with them on issues that could have a major impact on our customers. We did the same with the Douglas administration when we were talking with Gaz Metro about its purchase of GMP five years ago.”

Mayor Christopher Louras, who received a copy of Mullin’s email, said it’s premature to reach any conclusions on which offer is better.

Sen. Peg Flory, like Mullin a Rutland Republican, said she’s keeping an open mind but has no objection to either offer simply based on foreign ownership. “Green Mountain Power has a good reputation (and) is thought highly of,” Flory said.

She said with any ownership her primary concern is the potential loss of jobs “because Rutland County can’t afford to.”

Sen. William Carris, a Rutland Democrat, also said his concern is jobs. But Carris said he’s not sure how much influence the delegation will ultimately have in the matter.

He said “it’s the Board (PSB) and the stockholders that ultimately have to make a decision here.”

The Gaz Metro and Fortis offers differ in several ways.

The Fortis deal allows CVPS, the state's largest electric utility, to remain a standalone company, retaining its name, headquarters and management team with no layoffs. Fortis, the largest investor-owned distribution utility in Canada, also agreed to set aside \$21 million for the benefit of ratepayers — a benefit that would be determined by the Public Service Board.

Under the Gaz Metro deal, CVPS would be absorbed into a new merged company with GMP; executive management jobs would be eliminated and there would be job cuts through attrition but with no other layoffs; the merger would result in \$144 million in cost savings over the first 10 years. Gaz Metro would also divest a combined GMP/CVPS stake in VELCO, the Vermont Electric Power Co. The state would assume 30 percent ownership in VELCO with the dividend proceeds earmarked toward creation of \$1 million a year fund to help low-income Vermonters.

In separate interviews last week, two key senators said they were impressed with the Gaz Metro/GMP offer.

Sen. Virginia Lyons, the Chittenden County Democrat who is chairwoman of the Committee on Natural Resources and Energy, said that the Gaz Metro/GMP offer is far superior to the one made by Fortis.

"The shares of VELCO that would be transferred to the state of Vermont would be a great opportunity for Vermonters," she said.

Lyons said the combination of the VELCO transfer as well as the low-income subsidy and GMP's commitment to solar energy are significant pieces of the purchase offer.

Sen. Vincent Illuzzi, the Essex-Orleans Republican who is chairman of the Committee on Economic Development, Housing and General Affairs, said control of the state's transmission network should be of concern to all Vermonters.

"VELCO is the interstate highway of the electric industry in Vermont," Illuzzi said.

He said Vermonters just might have a problem if they woke up one morning and found out the interstate highway system in the state was controlled by a Canadian corporation.

“The electric transmission grid in Vermont is as important to Vermonters as is our network of roads but it’s not as apparent,” he said.

He said he would prefer seeing VELCO set up as a cooperative with equal voting for all the utility stakeholders.

Mullin said having less foreign control of the state’s transmission system would be a positive outcome of the Gaz Metro deal. But he also said he has concerns about the state owning a piece of Rutland-based VELCO, which could mean fewer jobs in the future.

Mullin ended his email by saying the county delegation’s responsibility “is to protect the economic vitality of this region” and not “let Chittenden County and their strong ties to the governor continue to suck out our lifeblood.”