The First Vermont/Hydro-Québec Power Contract

The 1984 Vermont contract with Hydro-Québec provided the first of many Québec power imports into New England, and the only one in which a governmental agency—as opposed to utilities companies—purchased the power.

By Richard H. Saudek[1]

Forty years ago, New England was consumed by an energy crisis that dominated the economy, causing serious spikes in the costs of gas and electricity. In retaliation for US support of Israel in the 1973 "Yom Kippur War," the Arab states of the Organization of Petroleum Exporting Countries (OPEC) managed their oil production to create violent swings in the prices of fossil fuels. The instability lasted through the 1970s and into the 1980s. Over only three years, from January 1979 to January 1982, the price of crude oil rose 225 percent.[2] The cost of electricity, which in New England was primarily produced by oil-fired power plants, soared. Electric utilities pushed regulators for automatic rate adjustments to reflect the cost of fuel to run their plants. Media trumpeted the impact of electric rates on citizens and businesses. Politicians joined

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the fray. Throughout New England, utilities and public figures, especially utilities regulators, took heat from legislators, the press, and the public. Governors and regulators were desperate to find a way to deliver some good news.

Thanks to a unique statutory scheme, a need to solve its particular supply problems, and an aggressive governmental effort to do so, Vermont led the way to a solution that was embraced by utilities and governments throughout the region.

Hydro-Québec Starts Its Development and Vermont Shows Early Interest

In the early 1960s, René Lévesque, the future Québec premier, was the minister of hydroelectric resources, then minister of natural resources. On his watch, Québec embarked on the consolidation of far-flung local power companies into Hydro-Québec (HQ), a provincewide, government-owned utility, and a source of great pride to the French Québec government. It was recognized as the major Québec economic engine, making Québecois *mâitres chez nous*—"masters in our own house."[3] Its first major project was a 5,400-megawatt[4] hydroelectric plant on the Churchill River in Labrador.

Vermont Governor Philip Hoff (1963–1969) devised a plan to import a fraction of that power to Vermont at a cost of less than half a cent per kilowatt-hour—well below any existing alternatives.[5]

But the state's utilities companies had other ideas. The first commercial nuclear reactor in New England, "Yankee Atomic" at Rowe, Massachusetts, had begun to deliver power in 1961. Central Vermont Public Service Corporation, Vermont's largest utility, owned a share. By industry accounts, it was a great success.[6] Work was proceeding on construction of the Vermont Yankee nuclear reactor, which would be delivering power in 1973. Utilities invested in reactors as an alternative to oil and the wave of the future, enthusiastically quoting Lewis Strauss, the first chairman of the US Atomic Energy Commission, who predicted that nuclear power would be "too cheap to meter."[7]

When the Hoff import plan reached the Vermont legislature, the senate voted to authorize the plan, but just as it looked as if it would pass in the house, it was shunted off to a study committee, which spelled its demise.[8] New attempts to open negotiations with Hydro-Québec, particularly under Governor Thomas Salmon (1973–77), did not bear fruit. Québec citizens have enjoyed very low-cost power from the Churchill River project ever since.

Vermont's Power Sources in the 1970s and Early 1980s

I—Hydroelectric Power from New York

In 1958 and 1961, the Power Authority of the State of New York (PASNY, now the New York Power Authority) built two large hydroelectric power stations on the St. Lawrence and Niagara Rivers. Vermont's US Senator George Aiken, a strong advocate of public power, supported these developments and obtained language in the federal enabling legislation requiring that a fraction of their output be sold to public power entities in New York's neighboring states to benefit farms and residential customers. The extremely low cost of this power, less than a penny per kilowatt-hour, was to be passed through to customers by means of discounted rural and residential rates.

In order to bring these benefits to Vermont, the 1967 Vermont legislature enacted 30 VSA §211, which provided that the Vermont Public Service Board (PSB) and later the Vermont Department of Public Service (DPS) had essentially unfettered authority to purchase power on behalf of the state, the only condition being the governor's consent.[9] This statute was unique, both in authorizing a state agency to buy and distribute electricity and in imposing no limits on its authority to contract with any sources of power. Its intent was to fulfill the requirement that a public body purchase and distribute the PASNY power. The first Public Service Board purchases were from the Power Authority; they totaled 150 megawatts, or roughly a quarter of Vermont's needs in the late 1970s. Vermont retail utilities delivered the low-cost power to rural and residential customers.

II—Oil-fired Generation

Despite its purchases from New York, Vermont shared the region's heavy dependence on oil-fired power plants. All New England utilities relied heavily on oil, which until the 1970s had been low in cost and stable in supply. Carbon emissions were not yet a general public concern, although scientists were beginning to recognize their dangers and the advantages of renewable energy.[10] The OPEC manipulation of the oil market drove utilities and public officials to look for alternatives. President Jimmy Carter convened a meeting of governors and state energy officials with the purpose of exploring ways to convert to other means of generation, such as small hydroelectric plants and wind generators. As if to emphasize the urgency of the situation, the president sat alone on a stage, taking notes as the governors gave their advice from the audience. In 1978, at Carter's urging, Congress passed the Public Utilities Regulatory Policy Act,[11] providing incentives for independent power producers to develop alternatives to fossil plants. Vermont be-

came an enthusiastic supporter of the program, resulting in small hydro generators throughout the state and wind plants in several locations.

III—Nuclear Power

The 1960s, 1970s, and 1980s saw a huge push from the federal government and the utility industry to develop nuclear power, resulting in 104 nuclear plants built in the US, nine of which were in New England. However, by the late 1970s and early 1980s, many utilities regulators and other public officials grew increasingly disillusioned with nuclear power. At first, opponents who questioned its safety were dismissed as attention-seeking kooks. But an increasingly large and vocal segment of the public became more aggressive in voicing their concerns. Vermont Yankee, which began operations in the winter of 1972-1973, soon drew persistent, well-attended demonstrations that live on in the memories of those who were there; it became a point of pride to have chained yourself to the fence around the plant and dared the police to remove you.

Then, in March 1979, a partial meltdown and release of radioactive gas occurred at the Three Mile Island nuclear plant in Pennsylvania. The same month, a terrifying film, "The China Syndrome," starring Michael Douglas, Jack Lemmon, and Jane Fonda, depicting a near-meltdown of a reactor, arrived in theaters nationwide. The protesters felt vindicated and utilities regulators became much more skeptical of soothing pronouncements from the industry and the federal government about reactor safety.

Nonetheless, at this time two nuclear plants were under construction in Seabrook, New Hampshire. Utilities remained so enamored of the prospects for nuclear power that even small Vermont publicly owned municipal electric companies and electric cooperatives signed "hell or high water" contracts to bear their share of all expenses of construction for a share of the output of the plants, regardless of whether construction was completed or whether the plants ever generated power. The contracts gave them no control over the costs or construction decisions in return for their commitments. Meanwhile, the costs of building and repairing reactors proved greater than predicted by multiples. As costs increased,[12] the tiny utilities had to increase their debt and rate burdens to unsustainable levels. Litigation ensued over the validity of the contracts. Ultimately, the Vermont Supreme Court held that the law did not authorize the utilities to commit to contracts that were beyond the authority granted the utilities by Vermont law and held the contracts void.[13] In addition, utilities were not allowed by regulators to reflect construction costs in their rates until the plant under construction was in service.[14] Finally, work on the second Seabrook unit became unbearably

expensive and was halted in 1984. Two years later, the lead sponsor, Public Service of New Hampshire, couldn't escape the crushing debt and filed the first major utility bankruptcy since the Great Depression of the 1930s.

IV—Competition for New York Hydro Power

By the mid-1970s, municipal utilities and electric cooperatives in Massachusetts, Pennsylvania, and Connecticut began to challenge the Vermont PSB's right to buy the PASNY power. They complained that the law required that public power entities in neighboring states to New York receive a portion of the output of the hydro plants, that a state agency like the Vermont Department of Public Service was not the intended recipient, and that only municipal and cooperative utilities were allowed to purchase the power.

A pitched legal battle ensued as Vermont sought to retain the 150 megawatts of very valuable power. After meetings and hearings at PASNY, the case went to the Federal Energy Regulatory Commission (FERC) for resolution. Meanwhile, PASNY allowed Vermont to receive the power for an additional five years, until 1985, to give it breathing room while the commission considered the case. Ultimately, FERC ruled that the Vermont scheme of buying the power for the whole state through a state agency was not intended by the statutory language and the power had to be divided among municipal and cooperative utilities in all the neighboring states that were vying for it. As a result, the customers of Vermont's privately held utilities, who numbered many times the customers of its municipals and co-ops, lost the benefit of this electricity. A small fraction of this valuable power continued to go to the state's municipal and cooperative utilities.

Development by Hydro-Québec of the James Bay Project

In the late 1970s, Hydro-Québec took the bold and challenging step of planning and building four massive hydroelectric plants along the La Grande River, which runs into James Bay roughly 600 miles north of Montreal. In early 1984, the *New York Times* described these efforts and their results:

> With giant James Bay, Hydro-Québec has become the biggest company in Canada in terms of assets and profits, which were $23.1 billion and $800 million, respectively, at the end of 1982. By the same measures, it is bigger than any American private or public electric utility.
>
> "We believe that Hydro-Québec is presently and will continue to be the premier electric company in the world," says Kidder, Peabody & Company, the investment house. . . .

> Enough rock and dirt was moved to build the Grand Pyramid of Cheops 80 times, while 18,000 workers consumed more than 200,000 tons of food. Some 127,500 tons of explosives changed the contours of the watery taiga that constitutes Québec's north. What emerged were eight main dams, 198 dikes and dozens of turbines and generators in three enormous power stations along the Le Grande [*sic*]. One station is underground, in a cavern-like structure more appropriate in a James Bond movie.
>
> Hydro-Québec now has available 26,400 megawatts, which is enough to more than meet all of the electricity needs of New York and New Jersey.[15]

To put the size of the Québec plants in perspective, Vermont's 2023 estimated peak electric load was about 1,050 MW and New England's historical peak is approximately 25,000 MW. All told, New England, with a population of about 15 million, has available about 28,000 MW of generation in case an extreme need arises;[16] Québec, with 8.8 million people, now has generating capacity of more than 37,000 MW.

Vermont's Leadership

i—Opening a Dialogue with Hydro-Québec

In January 1978, the administration of Richard Snelling was establishing neighborly relations with the Québec administration of René Lévesque. Recognizing that Hydro-Québec was owned by the province, the first approach was through government channels. I was dispatched to meet with Claude Laliberte, Québec's deputy minister of energy, on a frigid day in Québec City. We spoke generally about the ability of the Vermont government to buy power and Québec's additions to its power supply. Within a few weeks, I was invited to meet with Hydro-Québec personnel. We assembled a team that included a PSB lawyer, engineer, and economist, and met in Montreal with the assistant to the president of Hydro-Québec and a team of lawyers, power marketers, and engineers. It was evident that Hydro-Québec was interested in the prospect of sales to New England and on behalf of Vermont, we were happy to help start a process that we hoped would lead to much bigger things.

The exploratory discussions soon led to a one-year arrangement whereby Hydro-Québec would supply up to 59 megawatts to Vermont from a hydroelectric plant on the St. Lawrence River north of New York State. The New York Authority agreed to let Vermont arrange transmission of the electricity across northern New York to Vermont. This was the beginning of the State of Vermont/Hydro-Québec relationship. Vermont administration officials began a series of meetings in Montreal that would shape the terms of a larger Vermont contract. Governor Snelling, accompanied by his counsel William Gilbert and me, visited the massive

construction project on the La Grande River in its early stages. Gilbert and I followed up with several meetings with the Hydro-Québec power marketers. We discussed in particular our need to replace the PASNY power and to wean Vermont from oil, as well as future regional needs.

Governor Snelling, who followed the discussions closely, made sure he was fully briefed whenever he met with the premier or energy officials, and saw to it that they understood Vermont's willingness and ability to make a ground-breaking contract of real benefit to both sides. He discussed potential purchases with Premier Lévesque, Minister of Energy Yves Bérubé, and other key officials, with the aim of developing a larger Vermont contract and a new source of energy for New England.

Snelling also retained the global investment firm Lehman Brothers to advise him on the feasibility of forming a Vermont power authority to build and maintain the transmission infrastructure necessary to import the power in case the utilities refused to do so. Later, when asked at a press conference how the state would deliver the power if the utilities refused, he said, "We'll form a power authority and build transmission or take over their wires." Within minutes, the president of Vermont's largest utility called me to ask if that was true. I replied, "If the governor said it, it's true."

"The Electric Community"

Governor Snelling chose the Conference of New England Governors and Eastern Canadian Premiers meeting in Vergennes, Vermont, on June 26, 1980, to deliver his vision. With an audience that included Premier Lévesque and the other Eastern Canadian premiers, as well as New England governors and energy officials, he proposed that completion of the Canadian power plants be accelerated ahead of Canada's needs, for export to the US. The US would finance the acceleration, and ownership would be entirely Canadian:

> [A] combination of vision, daring and international cooperation can create a most favored region as a result of the very circumstances which now make the region disadvantaged. . . .
>
> The proposal is for a massive, accelerated international investment in the thorough development and utilization of generation potential, primarily in Québec, Labrador, and Ontario.[17]

Snelling continued that while we talk in generalities about international cooperation,

> Trillions of gallons of water are flowing downhill at sites of enormous power potential in Canada. The energy so represented is dissipated and lost forever, [and] unnecessary depletion of world supplies of gas, oil and coal is occurring. The loss is irreparable and irrevocable. The an-

> nual value of "lost power replaced" [by] potential hydropower is over five billion dollars.[18]

Meanwhile, members of his administration used the meeting to discuss with Québec representatives the outlines of a Vermont/Hydro-Québec agreement larger than the one already in place.

Québec Sovereignty Movement

These were also exciting times for the province. In the 1970s, Lévesque led the new Parti Québecois, which sought the literal separation of the province from Canada. Québec had its own trade representatives in several US cities and engaged in cross-border diplomacy as if it weren't beholden to the government in Ottawa. This underscored the impression that Québec and Québec alone would make decisions relating to cross-border transactions; and although the movement was ultimately defeated in a 1980 referendum, Québec continued to operate on its own in relations with states south of the border.[19]

Meanwhile, the enormous job of research, engineering, financing, and marketing the new power projects fell to company personnel. Fortunately, HQ had sophisticated, aggressive leaders and a deep staff, who worked with SNC Lavalin, the large Québec engineering firm, and major financial institutions to achieve these tasks.

The March 1983 New England Utilities' Letter of Intent

Snelling's "Electric Community" speech proved prophetic. Pressure grew within the New England political and regulatory communities to look to the North for power. Gradually, the utilities came around, reacting to the financial pressures created by oil and nuclear generation. On March 21, 1983, two and a half years after Snelling's speech, a gathering of New England governors and top Québec officials convened in Faneuil Hall in Boston for the execution of a letter of intent between the sixty-four-utility New England Power Pool and Hydro-Québec. The letter provided for construction of a large power line connecting the vast Québec system to New England and contemplated an initial eleven-year, $500 billion contract to begin in the fall of 1986.

Completion of Vermont Negotiations

Meanwhile, Vermont's discussions of a Vermont-specific firm power contract proceeded. On the Québec side was Jacques Guevremont, director of export sales (soon to be promoted to executive vice president), and his staff. The discussions necessarily involved a dance, with Guevremont acting as if HQ were in no hurry to sell, and Vermont say-

ing that, if they were going to buy, it would have to be at a very reasonable price and the timing would have to be right. Finally, in September 1983, Guevremont and I met in Montreal and I told him that the time to start power flowing was the fall of 1985, when Vermont Yankee would be closed for several months to replace cracked pipes and refuel, and Vermont's New York power would likely be cut back. Unless Vermont could get reasonably priced electricity from Hydro-Québec, it would have to substitute expensive oil-generated power. The savings generated by a well-timed Hydro-Québec purchase would encourage Vermont to build facilities to receive power at the border. There was no time to waste—a contract had to be in place by mid-1984.[20] Intense, detailed negotiations ensued.

Execution of the Agreement

On July 25, 1984, in the Executive Chamber of the Vermont State House, the president of Hydro-Québec, the governor of Vermont, and the Vermont commissioner of public service executed the first Vermont/Hydro-Québec firm power contract, enabling Vermont to tap into Québec's vast hydroelectric resources. The 1984 Vermont contract provided the first of many Québec power imports into New England, and the only one in which a governmental agency—as opposed to utilities companies—purchased the power.

The final agreement provided for the delivery of 150 megawatts of firm power[21] for ten years beginning September 1, 1985, through a 200-megawatt connection with the Vermont transmission grid at a new substation that had been built by Vermont utilities at Highgate, on the Québec border. It was Québec's first firm power export agreement. Unlike most power contracts, it was not dependent on the operation of a single generator: It was "system power," guaranteed to flow when scheduled by Vermont and backed up by the vast Hydro-Québec system. (A related agreement covering the additional capacity of the Highgate connection provided for the scheduling of 50 megawatts of "interruptible" power, depending on Vermont's needs and Québec's ability to provide it.) The prices were favorable to Vermont compared to other sources at the time; they ranged from 3.3 to 4 cents per kilowatt-hour for the first five years, then going for the second five years to 80 percent of a number representing essentially the average cost to New England utilities of burning fossil fuel for power.[22]

On July 25, 1984, the Executive Chamber in the State House—the room in which the governor holds ceremonial bill signings and special events—was decked out in the flags of the US, Vermont, Québec, and

Signing the contract in the Executive Chamber in the State House on July 25, 1984. Left to right: Richard Saudek signing for the State of Vermont; Yves Duhaime, the Quebec Minister of Energy; Gov. Snelling, signing approval; Guy Coulombe, HQ President & CEO, signing for HQ; and Georges Lafond, HQ Executive VP for Marketing, who headed the division of HQ that negotiated sales contracts. Courtesy of the author.

After the signing of the contract. Left to right: M. Duhaime, Gov. Snelling, M. Coulombe, and M. Lafond. The flags of Vermont, Quebec, the US and Canada were overhead. Courtesy of the author.

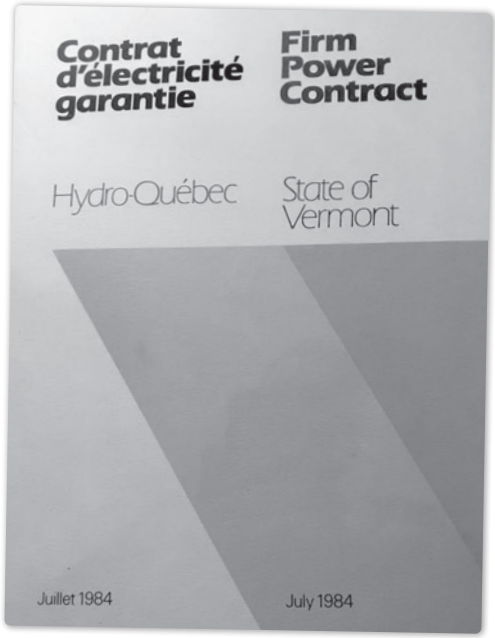
Canada. Guy Coulombe, the president and CEO of Hydro-Québec, and Yves Duhaime, the Québec minister of energy, were accompanied by Jacques Guevremont, the HQ principal negotiator, and Georges Lafond, Executive Vice President for Exports. Coulombe signed for Hydro-Québec; I signed for the State of Vermont, and Governor Snelling signed his approval, as required by statute.

Power began to flow across the border in September 1985.

Vermont Utilities Follow with Their Own Hydro-Québec Contract

The following January, Governor Madeleine Kunin took office and soon the Vermont utilities approached Hydro-Québec about negotiating their own contract, which would build on the agreement reached by the Department of Public Service. These discussions resulted in a contract signed in December 1987 among Hydro-Québec and the Vermont utilities that would change the interruptible 50 megawatts in the state contract to firm power beginning in 1990 (halfway through the term of the state contract) and increase the total to 200 megawatts in 1995, after the expiration of the state agreement.

Over the forty years since power started to flow under the department contract, Hydro-Québec has furnished from 25 to 38 percent of Vermont's electric needs, as Vermont's dominant and most reliable source. It has made Vermont the state with the most renewable energy in its electricity mix.[23]



Cover of the 1984 contract. Most of the later contracts had fancier covers. The contract with HQ all have two columns: one in French and one in English. Courtesy of the author.

New England Imports

In October 1986, a major transmission line from Québec to New England was energized. By the early 1990s, a much larger line from the La Grande generators to Massachusetts, capable of delivering up to 2,000 megawatts but usually operating at 1,200 megawatts, was installed to supply power throughout New England. And New England companies and Hydro-Québec are currently planning new transmission capable of delivering more than an additional 1,000 megawatts.

An Additional Regional Benefit of Hydro-Québec Power

One of the many advantages of Hydro-Québec power is that it provides reliable baseload energy that allows the region to develop solar, small hydro, and wind energy, which aren't capable of generating around the clock all year. Nuclear advocates often promote nuclear generation as providing that function, but reactors must shut down periodically to refuel and many (including Vermont Yankee) have been or are in the process of being permanently dismantled and not replaced. Contrary to early predictions, they have become very costly to build and maintain.

Power Purchases by the Vermont Government Are Reined In

Shortly after the first Vermont contract was negotiated and signed, lobbyists set about convincing the Vermont legislature to enact legislation that would assure that the Department of Public Service never again had unlimited freedom to purchase power and sell it in state. As a result, the legislature enacted laws that pancaked a series of reviews of any proposed department power resale. These included review by a board comprised of key legislators and chaired by the governor; full Public Utility Commission hearings, with representation of the public by the attorney general; and constraints on the department concerning discovery of utility "trade secrets," presumably including internal analyses of potential power sources and likely future wholesale prices. In short, the department has been squeezed out of any reasonable ability to act on its own to buy power and resell it for the benefit of Vermont consumers.[24]

A Note on Controversies

It has not been the purpose of this account to cover the controversies surrounding the Hydro-Québec power developments. The tribes (in Canada "First Nations") native to the area, particularly the Cree, led by their eloquent and combative Grand Chief Matthew Coon Come, opposed the James Bay projects, accusing the power company of flooding Native burial grounds, damaging fishing habitats, and in general destroying much of what was valuable to First Nations. Litigation ensued and various trusts were set up to compensate for the dislocations. However, relations continue to be strained decades later.

Notes

[1] Governor Richard A. Snelling appointed me in 1977 as chair of the Vermont Public Service Board and, after the Department of Public Service was formed in February 1981, as commissioner of the department. With this transition, responsibility for negotiating state power contracts passed from the board to the department. The unique Vermont statute allowing a state agency to purchase power played a large role in the events discussed in this account.

[2] The price per barrel in January 1979 was $9.46; the price in January 1982 was $30.80. For comparison, the runup in oil prices from January 2019 to January 2022 that shook US consumers

was 68% ($48.00 to $80.33). *United States Energy Information Administration Data, US Crude Oil First Purchase Price, in dollars per barrel*, https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=f000000__3&f=a.

[3] David Sherman, "Hydro-Québec, a symbol of French Pride," *Toronto Star*, March 30, 2012.

[4] 5,000 megawatts is roughly five times the current peak power needs of Vermont and four times the power generated by a typical large nuclear reactor.

[5] Philip H. Hoff, "George D. Aiken: A Personal View from the State House." In *The Political Legacy of George D. Aiken, Wise Old Owl of the US Senate*, edited by Michael Sherman (Montpelier: Vermont Historical Society, and Woodstock, VT: Countryman Press, 1995), 138–39. See also Chris Graff, "Vermont Yankee Born of Dam Proposal's Defeat," *Rutland Herald*, June 1, 2008, https://www.rutlandherald.com/vermont-yankee-born-of-dam-proposals-defeat/article_553e5913-c4dd-594d-8307-69bd02f8887e.html.

[6] Will Davis, "A Yankee Success Story in Pictures," *Nuclear Newswire*, April 5, 2017, https://www.ans.org/news/article-1941/a-yankee-success-story-in-pictures/.

[7] Promoting "atoms for peace," Lewis Strauss, the first chairman of the US Atomic Energy Commission, declared, "It is not too much to expect that our children will enjoy in their homes electrical energy too cheap to meter." "Remarks Prepared . . . for Delivery at Founders' Day Dinner, National Association of Science Writers," New York City, September 16, 1954, page 2, paragraph 2, lines 6–7, https://www.nrc.gov/docs/ML1613/ML16131A120.pdf.

[8] Hoff, "George D. Aiken," 139; Graff, "Vermont Yankee Born of Dam Proposal's Defeat."

[9] Act No. 196 of the 1967 General Assembly, *Acts and Resolves Passed by the General Assembly of the State of Vermont at the Forty-Ninth Biennial Session, 1967* (Montpelier, VT: Secretary of State of Vermont, 1967), 331. The authority to buy power was transferred from the Public Service Board to the newly formed Department of Public Service, effective February 1981.

[10] Oil has since been replaced by natural gas and nuclear, together with power imports and renewable fuels. (New England Independent System Operator, https://www.iso-ne.com/isoexpress/web/charts.)

[11] Public Law 95-617, enacted November 9, 1978 (92 Stat. 3117), https://www.govinfo.gov/content/pkg/STATUTE-92/pdf/STATUTE-92-Pg3117.pdf.

[12] In one semiannual estimate, the utilities said the cost of the second Seabrook plant would be double the previous estimate.

[13] Vermont Department of Public Service, et al. v. Massachusetts Municipal Wholesale Electric Company, et al., 558 A.2d 215 (1988); No. 86-555.

[14] The utility would keep track of construction costs ("construction work in progress," or CWIP), but would have to wait until the plant was actually online and serving customers ("used and useful") to add those costs to its rate base and pass them on to customers. If a plant never served customers, the utility and its shareholders—not the ratepayers—had to foot the construction expenses related to the incomplete plant. Because of this, the "hell or high water" contracts had the effect of financially squeezing the small utilities.

[15] James Martin, "Québec's Overpowering Utility," *New York Times*, January 29, 1984.

[16] Vermont Department of Public Service, *2023 Annual Energy Report, January 15, 2023*, https://publicservice.vermont.gov/sites/dps/files/documents/2023%20Vermont%20Annual%20Energy%20Report_0.pdf.

[17] Richard A. Snelling, "The Electric Community," Vermont State Archives, A-184-000099, Folder 1, DPS The Electric Community, 1980–1982, 3.

[18] Ibid., 7.

[19] In Canada, the heads of provinces are referred to as "premiers" and the head of state is called the "prime minister." Nonetheless, during this time, M. Lévesque was often referred to as "prime minister."

[20] The Québec and US transmission systems are not compatible and cannot be directly connected without special equipment. At the time, this equipment, called an "asynchronous tie," was not in wide use. It had to be installed in the substation at Highgate, Vermont, where the Hydro-Québec transmission crossed the Vermont border.

[21] Firm power is guaranteed by the seller to be made available in the quantities and at the times required by the purchaser in accordance with the contract of sale.

[22] The formula to arrive at this number was complex, but the upshot was a substantial discount off the cost of the dominant form of generation at the time.

[23] "U.S. Energy Information Administration Vermont State Profile and Energy Estimates, updated November 16, 2023", https://www.eia.gov/state/analysis.php?sid=VT.

[24] Between 1985 and 1987, §§ 212a through 212f of Title 30 VSA were added. The effect is to hamstring the department from being able to commit to a future power contract.