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GREEN MOUNTAIN POWER CORP

Form 11-K

June 29, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

For the fiscal year ended December 31, 2003

 X Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of
1934

 Transition Report Pursuant to Section 15(d) of the Securities Exchange Act
of 1394 For the transition period from to

Commission file number 1-8291

GREEN MOUNTAIN POWER CORPORATION
Employee Savings and Investment Plan and Trust
(Full title of the Plan)

Green Mountain Power Corporation
163 Acorn Lane
Colchester, VT 05446
(802) 864-5731

(Name of issuer of the securities held pursuant to the Plan and the address of
its principal executive office)

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust

FINANCIAL STATEMENTS AND SCHEDULES

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December 31, 2003 and 2002

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust
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December 31, 2003 and 2002

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REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Retirement Board and Participants in the
Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust

We have audited the accompanying statements of net assets for benefits of Green Mountain Power Corporation Employee Savings and Investment Plan and Trust (the "Plan") as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2003 and 2002 and the changes in net assets available for plan benefits for

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the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boston, Massachusetts
June 25, 2004

GREEN MOUNTAIN POWER CORPORATION
Employee Savings and Investment Plan and Trust

Statements of Net Assets Available for Plan Benefits

December 31, 2003 and 2002

| | 2003 | 2002 |
|---|--------------|--------------|
| | ----- | ----- |
| Assets: | | |
| Investments at fair value: | | |
| Green Mountain Power Corporation, common stock, | \$ 3,591,482 | \$ 3,862,796 |
| Registered investment companies | 20,013,814 | 16,004,081 |
| | ----- | ----- |
| | 23,605,296 | 19,866,877 |
| Participants' loans | 439,357 | 560,683 |
| | ----- | ----- |
| Total investments | 24,044,653 | 20,427,560 |
| | ----- | ----- |
| Net assets available for Plan benefits. | \$24,044,653 | \$20,427,560 |
| | ===== | ===== |

See accompanying notes to financial statements.

GREEN MOUNTAIN POWER CORPORATION

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Employee Savings and Investment Plan and Trust

Statements of Changes in Net Assets Available for Plan Benefits

For the Years ended December 31, 2003 and 2002

| | 2003 | 2002 |
|---|--------------|--------------|
| | ----- | ----- |
| Investment income (loss): | | |
| Interest | \$ 117,273 | \$ 46,512 |
| Dividends | 142,613 | 330,343 |
| Net appreciation (depreciation) in fair value of investments | 3,809,986 | (1,828,958) |
| | ----- | ----- |
| | 4,069,872 | (1,452,103) |
| | ----- | ----- |
| Contributions: | | |
| Employer | 406,726 | 365,456 |
| Participant | 1,104,372 | 1,034,104 |
| | ----- | ----- |
| | 1,511,098 | 1,399,560 |
| | ----- | ----- |
| Administrative expenses | 23,798 | 15,567 |
| Participants' withdrawals and distributions | 1,940,079 | 1,280,985 |
| | ----- | ----- |
| Total deductions | 1,963,877 | 1,296,552 |
| | ----- | ----- |
| Net increase (decrease) | 3,617,093 | (1,349,095) |
| Net assets available for Plan benefits: | | |
| Beginning of year | 20,427,560 | 21,776,655 |
| | ----- | ----- |
| End of year | \$24,044,653 | \$20,427,560 |
| | ===== | ===== |

See accompanying notes to financial statements.

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 PLAN DESCRIPTION

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The following description of the Green Mountain Power Corporation Employee Savings and Investment Plan and Trust (the Plan) is provided for general information only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by Green Mountain Power Corporation. The Plan covers substantially all full-time employees of Green Mountain Power Corporation (the Company).

The Company's Retirement Board is the Plan Administrator with the authority to control and manage the operation and administration of the Plan. The Plan's assets are held by the Trustee of the Plan, which invests cash received, including interest and dividend income, and makes distributions to participants. The Plan is subject to the provision of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 15% of pretax annual compensation, as defined by the Plan. The Company contributes a matching contribution of 100% of the first 4% of contributions made by the participants.

Participant Accounts

Each participant's account is credited with the participant's contributions, allocations of the Company's contributions, and plan earnings, and charged with participant's withdrawals, distributions and an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account, net of applicable Federal tax.

Vesting

Participants are immediately vested in their voluntary contributions as well as the employers' contribution and any earnings thereon.

Trustee

The Company changed Trustees on December 2, 2002, changing from American Century to Cigna. Prudential Financial Inc. acquired the retirement business of CIGNA, including the Plan, on April 1, 2004.

Investment Options

Upon enrollment, participants may direct their contributions to any of the following investment options in 1% increments.

GMP Stock Fund - This fund is invested in Green Mountain Power Corporation common stock.

Guaranteed Income Fund - This fixed income fund offers safety of principal and an attractive rate of return. The principal and interest are currently guaranteed by Connecticut General Life Insurance Company.

Core Bond Fund - This fund invests in high quality domestic fixed

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income securities, including mortgage and asset backed securities as well as Government issues.

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 PLAN DESCRIPTION (continued)

Cigna Lifetime Funds - This family of funds offers five multi-asset, -----
multi-managed investment portfolios. Each fund offers a different risk/return characteristic and is based on the life-cycle theory of investing in that different bond/stock mixes are appropriate for individuals at different times of their lives based on age.

American Century Ultra Account - This mutual fund invests in primarily -----
equity securities of large companies that offer the potential of better-than-average capital appreciation.

Large Cap Value Fund - This fund is managed by Wellington Management -----
Company, LLP following their Research Value style.

S&P 500 Index Fund - This fund is managed by Times Square Capital -----
Management, Inc. and reflects the composition of the S&P 500 Index.

American Century Equity Index Fund- This mutual fund seeks to provide -----
current income with capital appreciation as a secondary objective.

Mid Cap Growth/Artisan Partners - This fund is managed by Artisan -----
Partners Limited Partnership and invests primarily in the common stocks of medium-sized companies.

AIM Small Cap Growth Fund - This fund seeks long-term capital growth. -----

Strong Advisor Small Cap Value Fund - This fund invests wholly in -----
Class Z shares of the Strong Advisor Small Cap Value Fund.

T. Rowe Price Small-Cap Stock Fund- This account invests wholly in -----
Advisor shares of the T. Rowe Price Small-Cap Stock Fund. The objective of this fund is to seek capital growth by investing in undervalued stock of small capitalization companies.

International Growth/Artisan Partners - This fund is managed by -----
Artisan Partners Limited Partnership and invests in a diversified portfolio of international, growth-oriented companies.

Templeton Foreign Account - This account invests wholly in the -----

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Templeton Foreign Fund. This mutual fund seeks long-term capital growth by investing primarily in the equity securities of companies located outside the U.S., including emerging markets.

American Century Strategic Allocation Funds: Moderate/Aggressive -

Asset allocation funds that invest in stocks, bonds and money market securities. This diversification of these investments depends on the objective; whether it is moderate or aggressive.

Participants' Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan transactions are treated as a transfer between the investment fund and the participant loan fund. Loan terms range from 1 -

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 PLAN DESCRIPTION (continued)

5 years or up to 30 years for the purchase of a principal residence. The loans are secured by the balance in the participant's account and bear interest at the Trustee's prime rate. Principal and interest is paid ratably through monthly payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount or to purchase an annuity equal to the value of the participant's vested interest in his or her account. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Plan utilizes various investment instruments, including mutual funds and investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition

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The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. The Company stock is valued at its quoted market price. Participant loans are stated at cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Payment of Benefits

Benefit payments are recorded when paid.

Green Mountain Power Corporation
Employee Savings and Investment Plan and Trust
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

Administrative Expenses

Administrative expenses of the Plan are paid by the Plan as provided in the Plan document.

NOTE 3 RELATED PARTY TRANSACTIONS

The Plan's investments were held in trust by UMB Bank, N.A. and managed by Cigna for the year ended December 31, 2003. During 2004, UMB Bank sold its employee benefit accounts, including the Plan, to Marshall & Illsley Trust Company. Prudential Financial, Inc. acquired the retirement business of CIGNA, on April 1, 2004. The Plan's administrative expenses represent fees paid for these services and qualify as party-in-interest transactions. Automatic Data Processing, Inc. provides payroll processing for the Company and qualifies as a party-in-interest, however the Company pays for the cost of the services directly.

At December 31, 2003 and 2002, the Plan held 152,181 and 182,163 shares, respectively, of common stock of Green Mountain Power Corporation, the sponsoring employer, with a cost basis of \$3,125,119 and \$3,740,816, respectively. During the year ended December 31, 2003, the Plan recorded dividend income of \$93,069.

NOTE 4 PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue contributions or terminate the Plan at any time, subject to provisions of ERISA.

NOTE 5 INVESTMENTS

Investments that represent 5% or more of the Plan's net assets available for benefits at December 31, 2003 and 2002 are as follows:

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| | 2003 | 2002 |
|--|-------------|-----------|
| | ----- | ----- |
| Mid Growth Artisan. | \$1,479,648 | \$ - |
| GMP Stock Fund. | 3,591,482 | 3,862,796 |
| Large Cap Value/Wellington Management | 2,980,731 | 2,222,715 |
| International Growth/Putnam | 2,753,453 | 2,333,606 |
| American Century Moderate Investor. . | 2,363,685 | 2,030,017 |
| Americian Century Aggressive Investor. | 2,425,499 | 1,944,011 |
| Guaranteed Income Fund. | 2,887,378 | 3,076,177 |
| S&P 500 Index Fund. | 2,966,593 | 2,334,728 |

NOTE 6 TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated October 8, 2002, that the Plan is qualified under the Internal Revenue code (IRC) section 401(a) and the trust is tax-exempt under IRC 501(a). The Plan has been amended since receiving the determination letter, however, the Plan administrator and the Plan's tax counsel believe the Plan is currently designed and operated within the terms of the Plan and should remain qualified under the applicable provisions of the IRC.

GREEN MOUNTAIN POWER CORPORATION
Employee Savings and Investment Plan and Trust
Schedule H, Line 4i - Assets Held at Year End
December 31, 2003

SCHEDULE 1

| (B) IDENTITY OF ISSUE | (C) NUMBER OF SHARES, UNITS OR LOANS | (E) CURRENT VALUE |
|--|---|----------------------|
| ----- | ----- | ----- |
| *Green Mountain Power Corporation, common stock. | 152,181 | \$3,591,482 |
| American Century: | | |
| *Cigna Lifetime 60 | 51,186 | 692,191 |
| Guaranteed Income | 111,826 | 2,887,378 |
| *American Century Ultra (ADV). | 5,024 | 154,836 |
| LG CAP Value/Wellington Management. | 288,446 | 2,980,731 |
| S&P 500 Index | 46,779 | 2,966,593 |
| *American Century Equity Income. | 12,778 | 107,132 |
| MD Cap Growth/Artisan Partners. | 164,750 | 1,479,648 |
| AIM Small Cap Growth CL A | 3,282 | 84,370 |
| T. Rowe Price Small Cap-Adv. Sh. | 11,508 | 331,224 |
| International Growth/Artisan Partners | 305,202 | 2,753,453 |
| *AM Century Aggressive Investor. | 347,991 | 2,425,499 |
| *AM Century Moderate Investor. | 372,234 | 2,363,685 |
| Core Bond | 26,584 | 362,801 |
| Strong Adv. Small Cap Value CL Z. | 9,387 | 265,447 |
| Templeton Foreign Account | 7,321 | 118,432 |
| Cigna Direct. | 40,394 | 40,394 |
| *Participants' loans, interest rates ranging . . | | 439,357 |
| from 5% to 9.5% | | |

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Total investments. \$24,044,653
 =====

* Parties-in-interest

See accompanying notes to financial statements.

GREEN MOUNTAIN POWER CORPORATION
 Employee Savings and Investment Plan and Trust
 Schedule H, Line 4i - Assets Held at Year End
 December 31, 2002

SCHEDULE 1

| (B) IDENTITY OF ISSUE ----- | (C) NUMBER OF SHARES, UNITS OR LOANS ----- | (E) CURRENT VALUE ----- |
|---|--|-------------------------------|
| *Green Mountain Power Corporation, common stock. | 182,163 | \$3,862,796 |
| American Century: | | |
| *Cigna Lifetime 60 | 46,949 | 561,973 |
| Guaranteed Income | 122,711 | 3,076,177 |
| *American Century Ultra (ADV). | 1,172 | 28,756 |
| LG CAP Value/Wellington Management. | 275,842 | 2,222,715 |
| S&P 500 Index | 47,212 | 2,334,728 |
| *American Century Equity Income. | 4,001 | 27,003 |
| MD Cap Growth/Artisan Partners. | 144,113 | 982,483 |
| AIM Small Cap Growth CL A | 2 | 36 |
| T. Rowe Price Small Cap-Adv. Sh. | 11,850 | 258,278 |
| International Growth/Putnam | 329,623 | 2,333,606 |
| *AM Century Aggressive Investor. | 353,457 | 1,944,011 |
| *AM Century Moderate Investor. | 386,670 | 2,030,017 |
| Core Bond | 341 | 4,469 |
| Strong Adv. Small Cap Value CL Z. | 110 | 2,091 |
| Templeton Foreign Account | 1 | 18 |
| Cash-transfer funds | | 197,720 |
| *Participants' loans, interest rates ranging . . from 5% to 9.5% | | 560,683 |
| Total investments. | | \$ 20,427,560 ===== |

* Parties-in-interest

See accompanying notes to financial statements.

GREEN MOUNTAIN POWER CORPORATION
 Employee Savings and Investment Plan and Trust
 Schedule G, Part III - Nonexempt Transactions
 Year ended December 31, 2003

SCHEDULE 3

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| IDENTITY OF | RELATIONSHIP OF | | EXPENSES | | | CURRENT | NET GAI |
|----------------|-------------------|----------------|----------|---------|--------|-------------|---------|
| | PLAN EMPLOYER | DESCRIPTION OF | INCURRED | COST | LEASE | | |
| | OR OTHER | | PURCHASE | SELLING | | | WITH |
| PARTY INVOLVED | PARTY-IN-INTEREST | TRANSACTION | PRICE | PRICE | RENTAL | TRANSACTION | ASSET |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

None to report

See accompanying notes to financial statements.

SCHEDULE 3

GREEN MOUNTAIN POWER CORPORATION
 Employee Savings and Investment Plan and Trust
 Schedule G, Part III - Nonexempt Transactions
 Year ended December 31, 2002

| IDENTITY OF | RELATIONSHIP OF | | EXPENSES | | | CURRENT | NET GAI |
|----------------|-------------------|----------------|----------|---------|--------|-------------|---------|
| | PLAN EMPLOYER | DESCRIPTION OF | INCURRED | COST | LEASE | | |
| | OR OTHER | | PURCHASE | SELLING | | | WITH |
| PARTY INVOLVED | PARTY-IN-INTEREST | TRANSACTION | PRICE | PRICE | RENTAL | TRANSACTION | ASSET |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

None to report

See accompanying notes to financial statements.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Retirement Board of Green Mountain Power Corporation, which administers the Plan, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

GREEN MOUNTAIN POWER CORPORATION
 EMPLOYEE SAVINGS AND INVESTMENT
 PLAN AND TRUST

By: /s/Robert J. Griffin

Robert J. Griffin Chairperson of
 The Retirement Board of Directors

June 29, 2004

