

The VELCO logo is displayed in a bold, white, sans-serif font. It is positioned on the left side of the top banner, which features a scenic background of Vermont's autumn foliage and rolling hills. Several transmission towers are visible in the distance, and a larger tower structure is partially visible on the right edge of the banner.

VERMONT'S TRANSMISSION RELIABILITY RESOURCE

# Updating the VELCO Strategic Plan

VELCO Operating Committee  
April 18, 2013

## Open strategic planning process

- Updating VELCO's strategic plan ahead of 2014/2015 budgeting cycle
- Seeking thoughts, ideas, and comments from a number of stakeholders

**Your input is important to our success  
in meeting your needs!**

# Strategic plan update process for 2013

April 15-April 24	VELCO company-wide employee input process
April 18	Input sought from Operating Committee
April 29	Input sought from CFO Forum
April 30-May 1	Management team retreat
May 23	Present strategic plan concepts to CORE
May 23-June 22	Develop execution plan to support budget process
June 6	Present strategic plan concepts to board
June 22	Budget process kick off
August 8	Full plan reviewed with Board
October 5	Board budget approval

## VELCO MISSION

VELCO manages the safe, reliable, cost-effective transmission of electrical energy throughout Vermont. Our goal is to provide an optimal system of electric transmission facilities as part of an integrated regional network designed to meet both current and future energy needs.

## VELCO VALUES

We produce high-quality work and provide honest, accurate judgment and advice.

We are good stewards of ratepayer dollars, and our environment and historic resources.

We strive to achieve cost-effective solutions—transmission or non-transmission—to ensure system reliability.

We create value for our owners, customers, regulators, the public and the region.

We nurture our associates' professional and personal growth, and foster a culture of safety, integrity, open communication, teamwork and the ability to embrace change.

***VELCO: TRUSTED PARTNER IN GRID SOLUTIONS.***

# STRATEGIC INITIATIVES—Critical work we must get right to thrive in the next five years

1

PROCESS  
IMPROVEMENT

Develop and implement a comprehensive set of defined, sustainable internal business processes that fill existing gaps.

2

SAFETY

Achieve an injury-free work environment based on a culture of commitment to protecting ourselves, each other, our partners, our contractors, and the public.

3

MERGER-RELATED  
OPPORTUNITIES

Maximize opportunities presented by the merger for increased efficiencies and performance.

4

QUALITY  
ASSURANCE

Improve grid reliability through quality assurance and quality control construction and maintenance of all systems.

5

COMMUNICATIONS  
INFRASTRUCTURE

Successfully execute smart grid/fiber communication projects and statewide radio project, and reliably maintain and operate the systems once they are in place.

6

RELIABILITY  
SOLUTIONS

Successfully execute transmission projects and help shape non-transmission alternatives to resolve identified reliability deficiencies.

## **AREAS OF CORE BUSINESS FOCUS**—Essential, ongoing work we must get right every day.

### **RELIABILITY STANDARDS**

Ensure continued compliance with FERC and NERC requirements.

### **COST CONSCIOUSNESS**

Develop a more cost-conscious culture.

- Secure effective, region-wide implementation of VELCO's cost estimation methodology.
- Communicate effectively with owners and other stakeholders to ensure understanding of transmission cost drivers.
- Demonstrate a shared commitment to cost containment from planning to budgeting to spending.

### **FINANCIAL STABILITY**

Maintain VELCO's ability to fund future transmission projects.

### **SKILLED WORKFORCE**

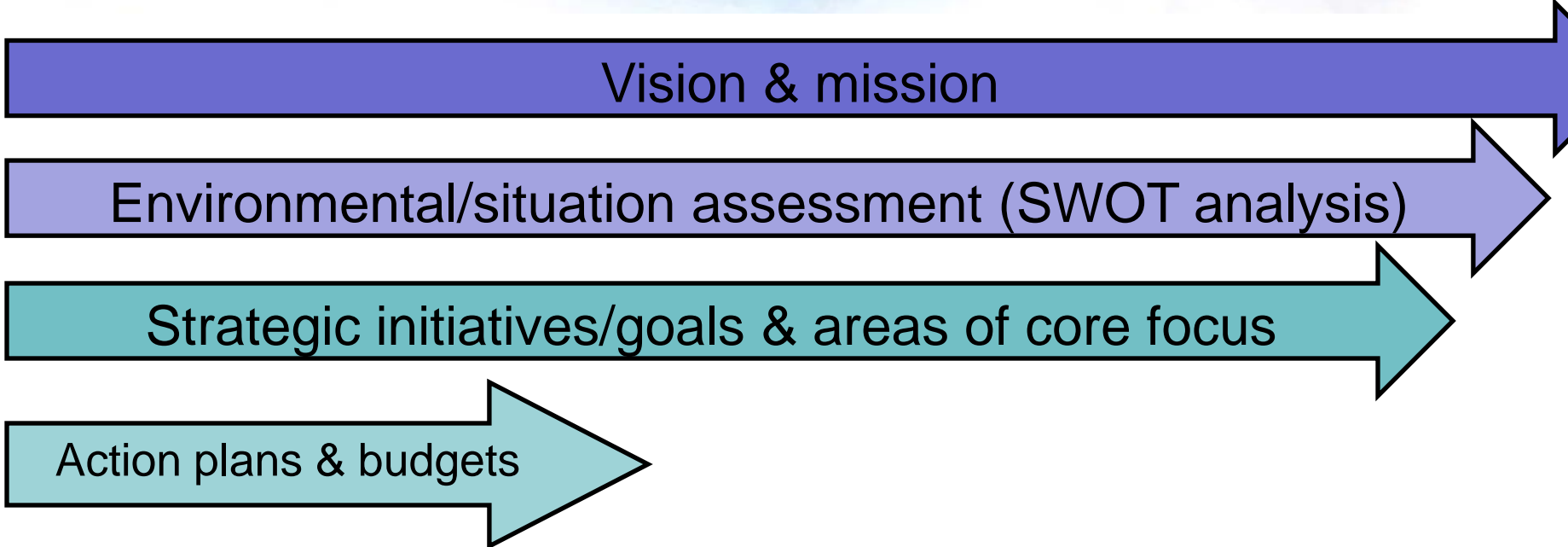
Improve VELCO's results in recruiting, retaining, and developing key talent in strategic areas.

### **POSITIVE STAKEHOLDER RELATIONS**

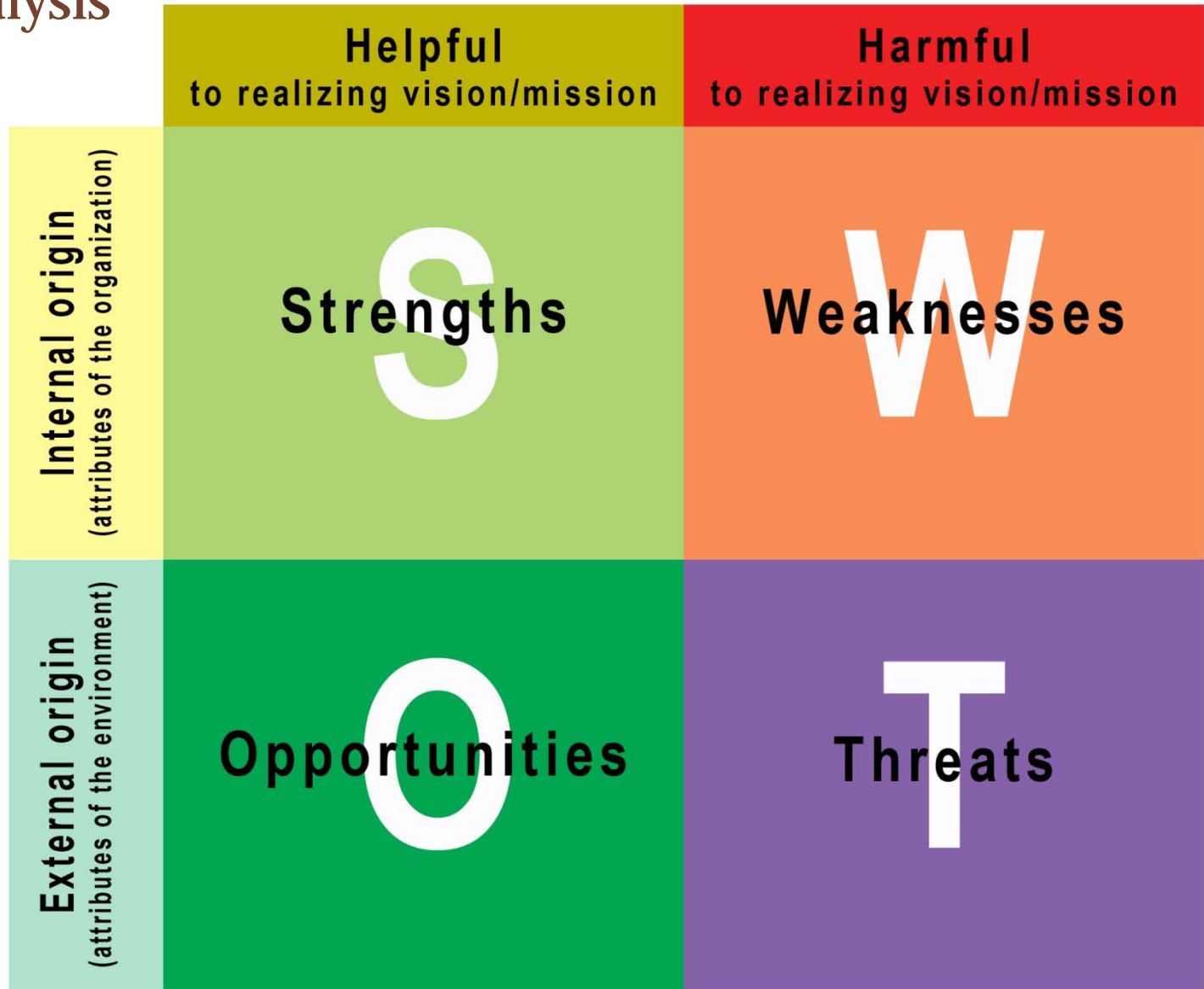
Maintain and build effective relationships with owners, regional and state regulators, state legislative and executive branches, and other external stakeholders.

# Strategic planning horizon

Plan updated annually to continually adapt to changing environment



# SWOT analysis





# Seeking Operating Committee input



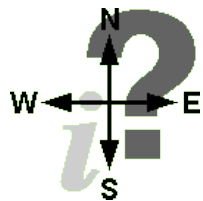
Are we missing something of strategic importance to VELCO in the current strategic plan?



Is there an external threat to the company's success or an important opportunity available to the company that is not recognized in the current strategic plan?



Is there a material weakness or strength in the company that is not recognized in the current plan and must be addressed or leveraged for us to be successful?



What is the most important thing the company could do in the next few years to help us achieve our vision for VELCO of being a trusted partner and a learning organization?