

# 2017 Enterprise Risk Assessment

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# Company-wide risk assessment

- Each department identified risks in a department-level process in November-December
- Identified risks proposed to leaders
- Consolidated enterprise risk table updated by E Team
- Owner assigned to each risk with quarterly updating of mitigation steps using CATSWeb tracking tool
- Update to be provided to Board in August

# 2017 enterprise risks

Changing business environment	Level	Trend
Failure to adapt the business model to a rapidly changing industry with sufficient agility affects success	High	Increasing
Continued growth in transmission costs drives rate increases with negative impacts for owners and ratepayers	Medium	Increasing
Reliability risks posed by increasingly complex grid operation	Low	Increasing
Human performance		
Misalignment of people with needed skills sets driven by changes in business model, technological change, and human resource limitations	Medium	Increasing
Business continuity		
Health and safety incidents: vehicle accident, job site accident, widespread illness	Medium	Steady
Catastrophic events, human and natural: physical attack, sabotage, workplace or landowner violence, weather, earthquake, geomagnetic storm impacts	Medium	Increasing
Cyber attack disrupts grid operation	High	Increasing

# 2017 enterprise risks, continued

<b>Technology utilization</b>	<b>Level</b>	<b>Trend</b>
<b>Fiber, radio system or component failure</b>	Medium	Increasing
<b>Ineffective IT systems integration, information management &amp; document storage</b>	Medium	Increasing
<b>Compliance</b>		
<b>Regulatory non-compliance</b>	Medium	Steady
<b>Regulatory uncertainty &amp; reputational risk</b>		
<b>Vermont and federal leadership changes from 2016 election result in unpredictable and/or negative policy direction</b>	Medium	Increasing
<b>Merchant projects result in reputational damage due to ineffective work by others</b>	Medium	Increasing
<b>Asset classification changes or re-interpretation result in tariff enforcements with potential for negative financial and regulatory consequences</b>	Low	Steady
<b>Public policy dissatisfactions have negative impacts on VELCO projects or reputation</b>	Low	Steady