VELCO
Vermont Electric Power Company

Leveraging AssurX Technology
to Maintain Compliance &
Continuous Improvement

AssurX

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Following FERC's mandatory enforcement order for the electric utility industry, VELCO not only needed to operate and maintain their systems adequately, but also maintain and demonstrate sustained compliance with a proliferation of standards and nearly 800 requirements. With its small workforce, VELCO needed a software solution that could manage these compliance obligations in a sustainable manner so that it could keep its focus on the reliability and security of its system. AssurX delivered the functionality and flexibility to support VELCO's evolving compliance and continuous improvement programs into the future.

> "AssurX continues to be a strong software system used to maintain compliance with less effort, allowing our work force to focus more of its attention on reliability and system security."

KIM MOULTON
Chief Compliance Officer | VELCO

The Company: Vermont's Transmission Reliability Resource

Vermont Electric Power Company (VELCO) is headquartered in Rutland, Vermont. It was founded in 1956 when local utilities joined together to create the nation's first "transmission only" electric company. Forming VELCO enabled Vermonters to build a more reliable, interconnected transmission grid capable of sharing access to clean hydro power from across our borders. VELCO currently manages a system including 738 miles of transmission lines; 13,000 acres of rights-of-way; 55 substations, switching stations and terminal facilities; equipment that enables interconnected operations with Hydro-Quebec; and fiber optic communication networks that monitor and control the electric system and serve as a key link for Vermonters' high-speed data internet access.

The Driving Force: FERC

In 2007 the Federal Energy Regulatory Commission (FERC) ordered mandatory enforcement of 83 standards for the electric utility industry, with penalties for violation of up to $1M per day. From these standards VELCO had approximately 800 requirements that were directly applicable to their registration with the North American Electric Reliability Corporation (NERC). For the first time not only did electric utilities need to operate and maintain their systems adequately, they now also had to verify that the required actions were taken, provide evidence of the work, and track that it is being performed properly on an on-going basis. Due to the limited number of employees at VELCO, it was quickly decided they would need to leverage technology for the company to be successful in this area.

The Search for a Solution

VELCO began its search for a compliance solution in preparation for its first NERC onsite audit. Kim Moulton, Chief Compliance Officer at VELCO, tells the story: *"Various solutions were considered, however, the flexible capabilities of the AssurX system and the fact that several utilities in our region were currently using AssurX software significantly impacted our decision."*

ROBUST & VERSATILE SYSTEM CAPABILITIES
"AssurX offered a solution that would meet our need to maintain and demonstrate NERC compliance with many changing requirements and assist us in achieving our continuous improvement goals into the future."

USE OF ASSURX AT VELCO CONTINUES TO GROW:
+ NERC Compliance Management
+ Automated NERC Standards Update Service
+ Internal Controls
+ Incident & Near Miss Tracking
+ Corporate KPI & Metrics
+ Commitment Tracking
+ 'Must Read' Alerts & Document Reviews

VELCO selected the AssurX solution for its advertised capabilities to:
+ Document and coordinate compliance activities such as gap analyses (assessments of compliance) onthe NERC Standards
+ Store evidentiary documentation
+ Assign requirement responsibilities and tasks
+ Automate compliance approvals and escalation rules
+ Potentially change configurations easily for optimum customization
+ Import newly approved and revised standards (including automatic updates sent from AssurX for upload)
+ Offer global visibility for executive teams through interactive dashboards

A VALUE ADDING SOFTWARE VENDOR
VELCO also reconginzed two of AssurX's strengths which helped seal the decision.

COMMITMENT TO SYSTEM ENHANCEMENTS
AssurX is continuously developing its software based on new regulations and customer feedback.
"They continue to produce effective applications that support the industry's needs and have demonstrated future releases that VELCO is looking to implement. AssurX has proven it delivers good compliance management controls and will assist us in further developing controls that provide sustainability and are key to our success."

STRONG SUPPORT TEAM
The availability of AssurX's support staff was another key factor in assessing the strength of the solution.
"Their staff is always available to answer questions or issues that arise when creating new processes within the software or to demonstrate existing features that we may not be using to their full potential."

Implementation and Results

### CLEAR & EASY COMPLIANCE ASSESSMENTS & SELF-CERTIFICATIONS
VELCO has primarily used AssurX to perform gap analyses for regional self-certifications and internal assessments. For these analyses, evidence is uploaded for each requirement and the 'Basis for Compliance' is tracked as it would for answering the industry Reliability Standards Audit Worksheets (RSAWS).

The system uses assigned automated approvals and rules for escalations to verify that all work has been performed and that they are compliant with the standards. Dashboards allow the NERC compliance team to view open and completed tasks, and track and monitor requirement deadlines. This provides strong controls in tracking the many requirements affecting multiple departments that have to be tracked on an annual basis.

NERC AUDIT SCOPE CUT BY NEARLY 50% WITH ASSURX INTERNAL CONTROLS
VELCO has continued to move its compliance program forward implementing AssurX for Internal Controls.
"During an Internal Controls Evaluation (ICE) by NPCC, we were able to demonstrate how we use AssurX to monitor and maintain NERC standards compliance. Following that demonstration, the evaluation team reduced the scope of our next NERC Electric Reliability Audit for the standards reviewed by nearly 50%."

The NPCC ICE team viewed AssurX as a very strong internal control and was satisfied that its use would allow us to maintain compliance with the standards and track status on a continual basis going forward.
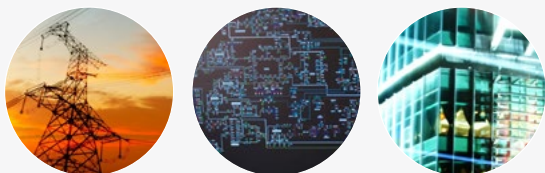
"The flexibility of AssurX software allows us to leverage it to support VELCO's growing tracking and compliance needs."

KIM MOULTON
Chief Compliance Officer | VELCO

To VELCO, more importantly, *"AssurX continues to be a strong software system used to maintain compliance with less effort, allowing our workforce to focus more of its attention on reliability and system security."*

Beyond NERC Compliance

Use of AssurX continues to grow and develop throughout the corporation beyond the NERC compliance arena. VELCO has now designated an internal resource to provide enhancements and develop and maintain new applications within the AssurX system. *"The flexibility of this software allows us to leverage it to support VELCO's growing tracking and compliance needs."*

INCIDENT & NEAR MISS TRACKING

VELCO has been using the AssurX software to track incident analyses and near misses for approximately two years. This process categorizes and trends the causes of these events with the goal of potentially avoiding future recurrences. This application is made available to all VELCO personnel so that anyone can enter incidents or near misses as they occur. Once submitted, each member of the incident analysis team is notified via email to provide high visibility on incidents and near misses.

CORPORATE KPIS & METRICS

Another application was developed around tracking of corporate key performance indicators (KPIs) and metrics. This process tracks all KPIs and metrics on a monthly basis, offers a live status to all employees via a dashboard, and is an effective tool to identify the status of key goals within the organization.

A GROWING LIST OF APPLICATIONS

In addition, AssurX is used to:
+ Review new procedures, standards, alerts, advisories and other 'must reads'
+ Track commitments for ROW and environmental departments
+ Provide internal controls management for internal compliance assessements

VELCO plans to continue leveraging AssurX to move its overall corporate compliance program forward. *"Other AssurX applications we are actively considering include training management, access management, risk management and document management."*

Conclusion

"VELCO's success depends on our ability to provide safe, reliable, and secure electric service. This requires the continuous pursuit of excellence in every facet of our operation. A key part of achieving operational excellence is looking at our internal processes and taking appropriate actions to ensure continuous improvement. AssurX has become an important internal tool for ensuring these actions are discovered, tracked and followed through to completion."

"With the industry heading towards an internal controls focus, AssurX offers the ability to successfully meet the new expectations of auditors." Ask yourself: if I were evaluating the strength of a compliance program, what would I want to see and understand about it that would ensure that our company will get it done, that we are capable of identifying, tracking and monitoring compliance and possible non-compliance issues, reporting accordingly and mitigating the issues so that they do not happen again? According to VELCO, *"AssurX could be your answer."*