

**BOARD OF DIRECTORS  
GREEN MOUNTAIN POWER CORPORATION  
AUDIT COMMITTEE CHARTER**

(Adopted March 21, 2000, Amended November 6, 2002 and October 6, 2003)

**I. Purpose**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the integrity of the financial statements and other financial information provided by the Corporation to the Securities and Exchange Commission ("SEC") and/or the New York Stock Exchange ("NYSE") or the public; the Corporation's systems of internal controls regarding finance and accounting, that management and the Board have established; the Corporations' compliance with legal and regulatory requirements; and the Corporations' auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and appraise the performance of the Corporation's independent accountants and internal auditing function.
- Provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditing function and the Board of Directors.
- Prepare the report required by the SEC to be included in the Corporation's annual proxy statement.

The Audit Committee will primarily fulfill those responsibilities by carrying out the activities enumerated in Section VI of this Charter.

**II. Composition**

The Audit Committee shall be composed of a minimum of three directors as determined by the Board, each of whom shall be independent directors, as defined by the Company's Corporate Governance Guidelines, the requirements of the NYSE and rules of the SEC as then in effect. Members shall be appointed by the board of directors to serve for a term or terms as determined by the board and may be removed by the board. The chair of the Audit Committee shall be elected by the board of directors and shall serve for a term as determined by the board.

All members of the Audit Committee shall be financially literate or must become financially literate within a reasonable period of time after appointment to the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. Audit Committee members may enhance their familiarity with finance

and accounting by participating in educational programs conducted by the Corporation or an outside consultant. No member of the Audit Committee may serve on the audit committees of more than three public companies.

### **III. Meetings**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee shall meet regularly with management, the internal auditors and the independent accountants in separate executive sessions. The Committee should meet with the independent accountants and management quarterly to review the Corporation's financial reports.

### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties the Audit Committee shall:

1. Provide an open avenue of communications between the internal auditors, the independent accountant and the Board of Directors.
2. Review and update the Audit Committee's charter annually.
3. Directly appoint, retain, monitor performance, evaluate, compensate and terminate, if necessary, the Corporation's independent accountants; approve all audit engagement fees and terms including all permitted non-audit engagements with the Corporation's independent accountants, in accordance with applicable law. The Chair of the Audit Committee shall be directly responsible for the oversight of the independent accountants and shall discuss with the independent accountant their ultimate accountability to the Board through the Audit Committee.
4. Establish policies and procedures for the engagement of the independent accountant to provide permissible non-audit services and consider whether the independent accountant's performance of permitted non-audit services is compatible with its independence.
5. Obtain and review at least annually a report by the independent accountant describing: (a) the firm's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by an inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (c) (to assess the accountant's independence) all relationships between the independent accountants and the Corporation.
6. Engage in a periodic dialogue with the independent accountant with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent accountant, and recommend that the Board of Directors take appropriate action in response to the independent accountant's report to satisfy itself of the independent accountant's independence. Evaluate the qualifications, experience, performance and independence of the senior members of the independent accountant's engagement team, including that of the independent accountant's lead and concurring

partners, taking into consideration the opinions of management and the internal auditors; present its conclusions with respect to such evaluations to the full Board of Directors.

7. Assure the regular rotation of the lead and concurring audit partners as required by law, and consider whether there should be regular rotation of the independent accounting firm itself, in order to assure continuing independence of the independent accountant.
8. Discuss the annual audited financial statements and quarterly financial statements with management and the independent accountant, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
9. Discuss all significant correcting adjustments (whether or not made) to help ensure that all material adjustments are properly reflected in the Corporation's financial reports in accordance with applicable law.
10. Receive and discuss annually a report from the independent accountant as required by Rule 2-07 of Regulation S-X, including reports regarding all critical accounting policies, alternative treatments of financial information discussed with management and the implications of those treatments, and other material written communications, such as management letters and schedules of unadjusted differences.
11. Review separately with the Corporation's management, the independent accountant and the internal auditors, following completion of the Corporation's annual audit, any significant difficulties encountered during the course of the audit, including: (a) difficulties with management's response; (b) any restrictions on the scope of work or access to required information; and (c) the nature and extent of any significant changes in accounting principles or the application therein. Such review shall include any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); review any "management" or "internal control" letters issued, or proposed to be issued, by the audit firm to the Corporation and any discussions with the independent auditor's national office respecting auditing or accounting issues presented by the engagement.
12. Review any significant disagreement among the Corporation's management and its independent accountant or the internal auditing department in connection with the preparation of the Corporation's financial statements.
13. Review with the Corporation's independent accountant, the internal auditors and management the extent to which changes or improvement in financial or accounting practices and standards, as approved by the Audit Committee, have been implemented, with such review to be conducted at an appropriate amount of time subsequent to implementation of any changes or improvements thereto, as decided by the Audit Committee in its discretion.
14. Review and discuss with management and the independent accountant accounting policies and financial reporting issues and judgments that may be viewed as critical; review and discuss analyses prepared by management and/or the independent accountant setting forth significant financial reporting issues and judgments made in connection with the

preparation of financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; consider and approve, when appropriate, any significant changes in the Corporation's accounting and auditing policies; review and discuss any accounting and financial reporting proposals that may have a significant impact on the Corporation's financial reports; review and discuss major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.

15. Discuss earnings press releases, including the type and presentation of information to be included in earnings press releases, as well as review financial information and earnings guidance provided to analysts and rating agencies. Discuss with management and the independent accountant the effect of regulatory and accounting initiatives, as well as off-balance sheet structures (if any), on the Corporation's financial statements.
16. Obtain advice and assistance from outside legal, accounting or other advisors and conduct investigations as the Audit Committee deems necessary. The Audit Committee shall have the authority to retain and compensate such advisors without seeking further approval and shall receive appropriate funding, as determined by the Audit Committee, from the Corporation to compensate such advisors.
17. Discuss with management, the internal auditors and the independent accountant significant risks or exposures and assess the steps management has taken to minimize such risks and exposures to the Corporation, including the Corporation's risk assessment and risk management policies.
18. Set clear hiring policies for employees or former employees of the independent accountant.
19. Review and concur in the appointment, replacement, reassignment or dismissal of the director of the internal auditing function.
20. Review and discuss with the independent accountant and the internal auditors, the audit plan and procedures, including the scope and fees of the audit reviews and discuss the results of the audit examination and management letters. Review and discuss any interim reports of the independent accountant.
21. Consider with management and the independent accountant the rationale for employing audit firms other than the principal independent accountant.
22. Review with the internal auditors and the independent accountant the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
23. Consider and review with the independent accountant and the internal auditors:
  - (a) The adequacy of the Corporation's internal controls including computerized information system controls and security.

- (b) Any related significant findings and recommendations of the independent accountant and internal auditors, together with management's responses thereto.
24. Review policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the independent accountant.
  25. Review with the Corporation's General Counsel legal and regulatory compliance matters including compliance with the Corporation's Code of Ethics and Conduct and other related policies.
  26. Establish regular and separate systems of reporting to the Audit Committee by management, the independent accountants and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as appropriateness of such judgments.
  27. Regularly report Audit Committee actions to the Board of Directors with such recommendations, as the Audit Committee may deem appropriate.
  28. Perform such functions as assigned by law, regulation, the Corporation's charter or bylaws, or the Board of Directors.
  29. Establish procedures for the receipt, retention and treatment of employee complaints on accounting, internal accounting controls or auditing matters, including provisions for confidential, anonymous submissions by employees.
  30. Include in the Corporation's proxy or information statements relating to annual meetings of shareholders at which directors are to be elected (or special meetings or written consents in lieu of such meetings), a report of the Audit Committee that complies with the regulations promulgated by the SEC for such reports.
  31. Perform an annual self-evaluation of the Audit Committee.

The duties and responsibilities of a member of the Audit Committee are in addition to those duties set out for a member of the Board of Directors.