



KPMG LLP  
One Park Place  
463 Mountain View Drive, Suite 400  
Colchester, VT 05446-9909

October 28, 2024

The Joint Owners  
Joseph C. McNeil Generating Station  
Burlington, Vermont

To the Joint Owners:

We have audited the special-purpose financial statements prepared in conformity with the Joint Owners Agreement, which practices differ from U.S. generally accepted accounting principles, of the Joseph C. McNeil Generating Station (the Station) as of June 30, 2024 and 2023 and for each of the years then ended, and have issued our report thereon under date of October 28, 2024. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

### **Our Responsibility Under Professional Standards**

We are responsible for forming and expressing an opinion about whether the special-purpose financial statements, that have been prepared by management with the oversight of the Joint Owners, are presented fairly, in all material respects, in conformity with the Joint Owners Agreement, which practices differ from US generally accepted accounting principles. We have a responsibility to perform our audit of the special-purpose financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the special-purpose financial statements are detected. Our audit does not relieve management or the Joint Owners of their responsibilities.

In addition, in planning and performing our audit of the special-purpose financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Joint Owners in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Significant Unusual Transactions**

In connection with our audit of the Station's special-purpose financial statements, no significant unusual transactions were identified.



## **Uncorrected and Corrected Misstatements**

### *Uncorrected Misstatements and Financial Statement Presentation and Disclosure Omissions*

In connection with our audit of the Station's special-purpose financial statements, no uncorrected financial statement misstatements in the Station's books and records or financial statement presentation were identified as of and for the year ended June 30, 2024. We have communicated that finding to management.

### *Corrected Misstatements*

In connection with our audit of the Station's special-purpose financial statements, no corrected financial statement misstatements in the Station's books and records were identified as of and for the year ended June 30, 2024.

## **Auditors' Report**

The auditors' report contains a basis of accounting paragraph to draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 2 of the special-purpose financial statements, the financial statements are prepared by the Station on the basis of the financial reporting provisions of the Joint Owners Agreement, which is the basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Station. Our opinion is not modified with respect to this matter.

The auditors' report also contains a restriction of use paragraph, including that our report is solely for the information and use of the Station and its Joint Owners and is not intended to and should not be used by anyone other than test specified parties.

## **Significant Accounting Policies and Practices**

Significant accounting policies are described in Note 2 to the special-purpose financial statements. In connection with our audit of the Station's special-purpose financial statements, no new, or changes in, significant accounting policies and practices were identified.

### *Qualitative Aspects of Significant Accounting Practices*

We have discussed with the management our judgments about the quality, not just the acceptability, of the Station's accounting policies as applied in its financial reporting. The discussions generally included such matters as the consistency of the Station's accounting policies and their application, and the understandability and completeness of the Station's special-purpose financial statements, which include related disclosures.

## **Significant Accounting Estimates and Significant Financial Statement Disclosures**

The preparation of the special-purpose financial statements requires management of the Station to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and the reported amounts of contributions and expenses during the period. In connection with our audit of the Station's special-purpose financial statements, no significant accounting estimates were identified.

## **Noncompliance with Laws and Regulations, Including Illegal Acts or Fraud**

In connection with our audit of the Station's special-purpose financial statements, no identified or suspected instances of non-compliance with laws and regulations, including illegal acts or fraud, have come to our attention.



**Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

**Management’s Consultation with Other Accountants**

To the best of our knowledge, management has not consulted with other accountants during the year ended June 30, 2024.

**Disagreements with Management**

There were no disagreements with management on financial accounting and reporting matters that individually or in the aggregate could be significant to the Station’s special-purpose financial statements or our report.

**Written Communications**

Attached to this letter please find copies of the following written communications between management and us:

1. Engagement letter
2. Management representation letter

**Independence**

We are not aware of any circumstances or relationships, that in our professional judgement, may reasonably be thought to bear on independence or to which we gave significant consideration in reaching the conclusion that independence has not been impaired, other than the professional services that have been provided to Station in connection with our audit for the year ended June 30, 2024.

*Affirmation of Independence*

In connection with our audit of the Station, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards.

\* \* \* \* \*

This letter to the Joint Owners is intended solely for the information and use of the Joint Owners and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**KPMG LLP**



KPMG LLP  
One Park Place  
463 Mountain View Drive, Suite 400  
Colchester, VT 05446-9909

Telephone +1 802 651 5600  
kpmg.com

April 15, 2024

Joseph C. McNeil Generating Station  
c/o Burlington Electric Department  
585 Pine Street  
Burlington, Vermont 05401

Attention: Emily Stebbins-Wheelock, CFO & Manager of Innovation & Strategy, Burlington Electric Department

This letter (Engagement Letter) confirms our understanding of our engagement to provide professional services to Joseph C. McNeil Generating Station (the "Station").

### **Objectives and Limitations of Services**

#### *Audit Services*

You have requested that we audit the Station's special-purpose financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the special-purpose financial statements in accordance with auditing standards generally accepted in the United States of America, with the objectives of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and issuing an auditors' report that includes our opinion as to whether the presentation of the special-purpose financial statements conforms with the Joint Owners Agreement.

Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the United States of America, we exercise professional judgment and maintain professional skepticism throughout the audit. We also will:

- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on the special-purpose financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall special-purpose financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.



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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, an audit is not designed to detect matters that are immaterial to the special-purpose financial statements.

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of the Station's special-purpose financial statements addressed to the Joint Owners of the Station. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If, during the performance of our audit procedures, such circumstances arise, we will communicate to the Joint Owners our reasons for modification or withdrawal.

#### *Internal Control over Financial Reporting*

We will obtain an understanding of the Station's internal control relevant to the audit in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the special-purpose financial statements but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control.

The objective of our audit of the special-purpose financial statements is not to report on the Station's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the special-purpose financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### *Exempt Offerings*

In the event the Station requests our involvement with a future exempt filing that will include or incorporate by reference these special-purpose financial statements and our audit report thereon, professional standards require us to be separately engaged. The specific terms of our future services with respect to future exempt offerings will be determined at the time the services are to be performed and will be subject to the negotiation, agreement, and execution of a specific engagement letter or contract.

In the event the Station does not engage us to be involved with the offering document, then the Station agrees to include the following language in the offering document:

"KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the special-purpose financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this [prospectus or offering memorandum or official statement]."

#### *Registration Statements and Other Offering Documents*

Should the Station wish to include or incorporate by reference these special-purpose financial statements and our audit report(s) thereon into a future filing under the Securities Act of 1933, or incorporate by reference our



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report(s) on such special-purpose financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. Prior to issuing our consent, we will be required to perform procedures as required by the standards of the Public Company Accounting Oversight Board (United States), including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the special-purpose financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed.

### **Our Responsibility to Communicate with the Joint Owners**

We will communicate our planned scope and timing for our audit with the Joint Owners, including significant risks identified in planning our audit.

While the objective of our audit of the special-purpose financial statements is not to report on the Station's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the special-purpose financial statements, we will communicate, in writing, material weaknesses or significant deficiencies to the Joint Owners to the extent they come to our attention.

We will report to the Joint Owners the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditors' report, the effect of uncorrected misstatements related to prior periods, and that uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period special-purpose financial statements to be materially misstated, even if the auditor has concluded that the uncorrected misstatements are immaterial to the special-purpose financial statements under audit.
- Our views about qualitative aspects of the Station's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.
- Significant unusual transactions, if any.
- Significant difficulties, if any, encountered during our audit.
- Disagreements with management, if any.
- Circumstances that affect the form and content of our auditors' report, if any.
- Matters that are difficult or contentious for which the auditor consulted outside the engagement team and that are, in the auditors' judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.



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We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the Joint Owners and determine that the Joint Owners have received copies of all material written communications between ourselves and management. We will also determine that the Joint Owners have been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the special-purpose financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the Joint Owners any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the special-purpose financial statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the special-purpose financial statements.

### **Management Responsibilities**

The management of the Station acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with the Joint Owners Agreement, of the special-purpose financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Station complies with laws and regulations applicable to its activities, and for informing us of any known instances of noncompliance or suspected noncompliance with laws and regulations. Management also is responsible for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the special-purpose financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the special-purpose financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the Station also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the special-purpose financial statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the special-purpose financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the special-purpose financial statements.

Management is responsible for adjusting the special-purpose financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented



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are immaterial, both individually and in the aggregate, to the special-purpose financial statements being reported upon, taken as a whole.

Because of the importance of management's representations to the effective performance of our services, the Station will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs, and expenses relating to our services under this Engagement Letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

### **Non-audit service – Certain Assistance Relating to Preparing Special-Purpose Financial Statements**

#### *Word Processing and Reproduction Assistance*

We will assist management by providing word processing and reproduction assistance for the Station's special-purpose financial statements and related notes.

We will not assume management responsibilities on behalf of the Station.

The Station agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of special-purpose financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the special-purpose financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the special-purpose financial statement preparation assistance.

### **Dispute Resolution**

Any dispute or claim between the parties shall be submitted first to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forgo litigation over such disputes in any court of competent jurisdiction.

Mediation shall take place at a location to be designated by the parties using Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1, et seq. Party-selected arbitrators shall be selected from the lists of neutrals maintained by either the IICPR or by JAMS, Inc., but the chair of the arbitration panel does not have to be selected from those specific lists. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.



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Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm, enforce or vacate any final award entered in arbitration, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

### **Other Matters**

All disputes between the parties (whether based in contract, tort, statute, regulation, or otherwise and whether pending in court or in an arbitral forum) shall be governed by and construed in accordance with the substantive and procedural laws of the State of New York, including without limitation, its statutes of limitations, without regard to the conflict of laws provisions of New York or any other state or jurisdiction. In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

In an effort to facilitate efficient communication between KPMG and the Station related to the audit and to track engagement progress during the course of the engagement, KPMG may provide the Station with access to certain service coordination tools (e.g., KPMG Clara). If such access is provided to the Station, the provisions set forth in Appendix II shall apply to such access.

The Station agrees that KPMG may reference the Station as a client in its marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "the Station is an audit client of KPMG LLP"). In addition, the Station gives KPMG the right to use its logos solely for presentations or reports to the Station or for internal KPMG presentations and intranet sites.

The Station and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter and in the use of any KPMG Technology or KPMG Clara made accessible to the Station the Station hereunder. Unless requested by KPMG to allow it to complete its audit, the Station will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Control Reform Act of 2018, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from the Station, the Station shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.

Each party represents to the other that neither it nor the KPMG Parties (with regard to KPMG) nor the Client Parties (with regard to the Station) are (i) organized, incorporated or resident in jurisdictions sanctioned by the United States (by way of example, Cuba, Iran, North Korea, Syria or the Crimea, separatist-held Donetsk, and Luhansk regions of the Ukraine); (ii) listed in any economic, financial, or trade sanctions related list of designated parties maintained by the Office of Foreign the Station Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, U.S. Department of Commerce, Public Safety Canada, Global Affairs Canada, the United Kingdom Office of Financial Sanctions, the United Nations Security Council, the European Union or any European Union member state; or (iii) owned 50% or more or controlled by parties described in (i) or (ii). Further, the Station is not engaging KPMG to provide services directly or indirectly to the jurisdictions in (i) or to any party in (ii) or (iii). As used herein, "Client Parties" shall mean the Station and its parent company and their affiliates, and their respective directors, officers, employees, and agents.



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KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this Engagement Letter.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose the Station's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to the Station of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by the Station, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or the Station, the Station shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to the Station that KPMG will treat the Station's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to the Station. The KPMG Firms, together with the entities comprising KPMG International, shall be referred to herein as the "KPMG Parties." In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third-party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Parties and such third parties may have access to your confidential information from offshore locations. In the event that affiliates of the Station located outside of the United States separately engage KPMG Firms to perform audit related services, for example for purposes of statutory audits, we may share the Station's and/or its affiliates' confidential information with such KPMG Firms for purposes of their services for such affiliates. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Parties or such third-party service providers. In addition, KPMG Parties may have access to certain of your information in respect to engagement acceptance and other professional responsibilities such as maintaining independence and performing conflict checks. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use; and KPMG shall remain responsible to you for maintaining the confidentiality of your confidential information. KPMG shall remain responsible to the Station for the performance of such services by any KPMG Parties or other third parties, including obligations of confidentiality, to the same extent KPMG is obligated under the terms of this Engagement Letter. As such, the Station agrees it shall not bring any claim relating to this Engagement Letter against any KPMG Parties, other than KPMG.



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You also understand and agree that the KPMG Parties, with the assistance of third parties as outlined above, may use all the Station's information to (i) analyze trends, perform comparative analysis, and develop and improve benchmarks; (ii) develop and improve technology and services; and (iii) improve other services to the Station and to provide insights to the Station about its business. Such information will not be disclosed to third parties other than third parties as outlined above assisting KPMG Parties with these uses unless such information is in an aggregated or anonymized format that does not identify the Station.

It may be necessary or convenient for the Station to use KPMG-owned or licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from the Station's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audit, or to otherwise facilitate KPMG's services hereunder. The Station understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of the Station's information and Systems) (collectively, "Change Management Processes") before any such KPMG Technology is utilized to extract data from the Systems. In the event the Station fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, the Station acknowledges that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants the Station the right to use KPMG Technology solely to facilitate the Station's necessary or convenient provision of information to KPMG in connection with the audit, or to otherwise facilitate KPMG's services hereunder, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of the Station having a need to know in order to perform their services to the Station are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as the Station exercises the same level of care to protect such KPMG Technology and KPMG confidential information as it uses to protect its own confidential information, but in no event less than reasonable care. Other than as expressly permitted hereby, the Station agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which KPMG Technology is being used, *mutatis mutandis*. KPMG Technology is not intended to be used as a system of record, repository, or hosting service, and the Station acknowledges that its access to KPMG Technology and/or information contained therein may be removed within a reasonable period of time (no less frequently than annually) following the conclusion of the services to which such provision of access to KPMG Technology relates. The Station may not redistribute, reproduce (except as necessary to run), modify, commercialize, allow third parties to access (except as permitted above or as otherwise authorized by KPMG in writing), or reverse engineer or decompile (except where such rights cannot be limited by applicable law) KPMG Technology. KPMG Technology is provided on an "as is", "as available" basis. If KPMG Technology is subject to any third-party license terms and conditions, then before being provided to the Station, the Station may be required to accept such terms and conditions before using KPMG Technology, in which case KPMG will provide such license terms and conditions to the Station in writing before the Station elects to use KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

The Station agrees to provide prompt notification if the Station, currently is, becomes subject to, or was previously but is no longer subject to, the laws of a foreign jurisdiction that require regulation of any securities



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issued by the Station. Such situations could include but are not limited to the listing or selling of securities on a foreign securities market or exchange or the submission of filings to a foreign securities regulator.

For the purpose of complying with the AICPA Code of Professional Conduct, the Station agrees to provide to KPMG, at least annually, a complete and accurate legal entity listing and a listing of other affiliated entities not included on the legal entity listing (e.g., parent company, entities under common control, joint ventures, equity method investments, and others). The Station further agrees to provide a listing of the Station's officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the Station and individuals in key positions with respect to the preparation or oversight of the financial statements. The Station also agrees to provide information to KPMG about acquisitions, investments or other transactions that may result in changes to the legal entity listing or the listing of other affiliated entities, not included on the legal entity listing, prior to the effective date of the acquisition, investment or other transaction.

#### *Reports, Services and Associated Fees*

Appendix I to this Engagement Letter lists the reports we will issue and the services we will provide as part of this engagement and our fees for professional services to be performed under this Engagement Letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this Engagement Letter.

\* \* \* \* \*

Our engagement herein is for the provision of annual audit services for the special-purpose financial statements for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this Engagement Letter, we will provide the services set forth in Appendix I as a single engagement for each of the Station's subsequent fiscal years until either Joint Owners or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the management of the Station.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and the Station with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.



Joseph C. McNeil Generating Station  
April 15, 2024  
Page 10 of 10

We shall be pleased to discuss this Engagement Letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this Engagement Letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the special-purpose financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Renee Bourget-Place  
Partner

Enclosures

ACCEPTED

Joseph C. McNeil Generating Station

Authorized Signature

CONTROLLER

Title

4/24/2024

Date

**Reports, Services and Associated Fees**

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of special-purpose financial statements of assets, owners' equity and liabilities of the Joseph C. McNeil Generating Station as of June 30, 2024 and 2023, the related special-purpose statements of owners' equity and station expenses for the years then ended and the related notes to the financial statements	\$31,000
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**Fees and Expenses**

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed. Additional costs associated with data file conversion will be billed separately. Such costs are estimated between \$6,000 to \$8,000, if necessary.

Professional standards prohibit us from performing services for audit clients where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services.

Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our audit report and associated consent, if applicable.

Where KPMG is reimbursed for expenses, KPMG will bill the Station for the amount it paid and will not add any markup to the expense. After such expenses are incurred, KPMG may receive rebates or incentive payments based on its aggregate purchases, which may include expenses reimbursed by the Station in addition to other clients. Such rebates are not credited back to the Station but are used to reduce KPMG's overhead.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be Station's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

Based on the timing of our work, fees for Joseph C. McNeil Generating Station, will be billed as follows and are payable within 30 days:

<i><b>Progress bill to be mailed on</b></i>	<i><b>Amount to be billed</b></i>
07/15/2024	\$10,000
08/15/2024	\$15,000
10/01/2024	\$6,000

**KPMG CLARA  
TERMS OF USE**

As used herein, "KPMG Clara" shall refer to those service coordination tools made available to the Joseph C. McNeil Generating Station (the "Company") by KPMG that allow a group of users to access a virtual repository for the purposes of sharing information, engaging in online discussions, and accessing certain content. These terms of use (the "Terms") are between the Company and KPMG and shall govern the Company's use of KPMG Clara, including content posted to KPMG Clara by KPMG and/or its licensors. If Company is comprised of multiple legal entities, Company agrees that (a) it has the authority to bind all such entities, and (b) these Terms shall govern such entities' use of KPMG Clara. In the event of any conflict or inconsistency between these Terms and the contract(s) between KPMG and Company to which these Terms or KPMG Clara relates, these Terms shall govern with respect to Company's use of KPMG Clara only.

1. Company and its Authorized Users (as defined below) may access and use KPMG Clara solely in furtherance of KPMG's engagement(s) with the Company. KPMG Clara is not intended for use as a document retention system and should not be regarded as a system of record. Company should retain or download any information from KPMG Clara it wishes to retain for its files. Access to information within KPMG Clara may be removed or become unavailable within a reasonable time once the corresponding engagement is completed. "Authorized User" means Company's employees and other personnel authorized by Company and approved by KPMG to access and use KPMG Clara. Company shall ensure that all Authorized Users who access and use KPMG Clara comply with these Terms. Company shall promptly notify KPMG about any Authorized User who should no longer have access to KPMG Clara or improper access to the password of an Authorized User.
2. Company may not: (a) copy, translate, modify, adapt or create derivative works from KPMG Clara; (b) rent, lease, lend, pledge, or directly or indirectly transfer or distribute KPMG Clara to any third party; or (c) use KPMG Clara to upload, store, post, email, transmit or otherwise make available any content that is unlawful and/or infringes any intellectual property rights or data protection, privacy or other rights of any other party. Company is responsible for the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by Company's users outside the U.S. (e.g. export control and data privacy laws and regulations). Except for the license granted herein to Company, Company acquires no right or interest of any kind in or to KPMG Clara.
3. Technical factors such as bandwidth, network configurations, and browser settings can affect KPMG Clara's speed and accessibility. KPMG does not guarantee the continuous, uninterrupted or error-free operability of KPMG Clara, or compatibility with Company's computer browser or any other part of its computing systems. Access to KPMG Clara may be suspended or limited at any time, and content may be unavailable. KPMG is not responsible for the content of any third-party websites, or hyperlinks which may be featured on KPMG Clara.
4. If KPMG's relationship with Company terminates for any reason, all further access to and use of KPMG Clara by Company and its Authorized Users must immediately cease and KPMG may deactivate or delete related user accounts, unless otherwise required by applicable law or professional standards to maintain such accounts. KPMG reserves the right to terminate Company's access to KPMG Clara for any reason.
5. EXCEPT AS EXPRESSLY STATED IN THESE TERMS, KPMG CLARA IS MADE AVAILABLE ON AN "AS-IS", "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED.

6. Refer to KPMG's Privacy Statement (<https://home.kpmg/us/en/home/misc/privacy.html>) for information about how KPMG collects, uses, and protects personal data.



October 28, 2024

KPMG LLP  
363 Mountain View Drive, Suite 400  
Colchester, VT 05446 To

KPMG:

We are providing this letter in connection with your audits of the special-purpose financial statements of assets, owner's equity, and liabilities of the Joseph C. McNeil Generating Station (the Station) as of June 30, 2024 and 2023, the related statements of changes in owners' equity and station operating expenses for each of the years then ended, and the related notes to the special-purpose financial statements, for the purpose of expressing an opinion as to whether these special-purpose financial statements present fairly, in all material respects, with the terms of their joint ownership agreement, which is not intended to be a presentation in accordance with U.S. generally accepted accounting principles (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 28, 2024:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 15, 2024, for the preparation and fair presentation of the special- purpose financial statements in accordance with the joint ownership agreement and not in conformity with U.S. GAAP.
2. We have made available to you:
  - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the special-purpose financial statements;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. All minutes of the meetings the joint owners, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
  - d. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no known instances of non-compliance or suspected non-compliance with laws

**Burlington Electric Department**  
585 Pine Street Burlington, VT 05401  
burlingtonelectric.com  
Phone (802) 865-7300

and regulations, whose effects should be considered when preparing the special-purpose financial statements.

5. All material transactions have been recorded in the accounting records and are reflected in the special-purpose financial statements.
6. There are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the special-purpose financial statements and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies*.
9. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the special-purpose financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
10. There are no uncorrected financial statement misstatements.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the special-purpose financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in special-purpose financial statements that are the subject of an audit.
12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Station's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the special-purpose financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the special-purpose financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's special-purpose financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of any officer or joint owner of the Station, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

17. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
18. We have disclosed to you the identity of our related parties and all the related party relationships and transactions of which we are aware.
19. The following have been properly recorded or disclosed in the special-purpose financial statements:
  - a. Related party relationships and transactions, of which we are aware, in accordance with the joint owners agreement, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

As defined by FASB ASC Topic 850, Related Party Disclosures, "related parties" includes: affiliates of the entity; entities for which investments in their equity securities would, absent the election of the fair value option under the Fair Value Option of Section 825-10-15, be required to be accounted for by the equity method by the investing entity; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the entity; its management; members of the immediate families of principal owners of the entity and its management; and other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

- b. Guarantees, whether written or oral, under which the Station is contingently liable, including guarantee contracts and indemnification agreements pursuant to FASB ASC Topic 460, *Guarantees*.
    - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC Topic 275, *Risks and Uncertainties*.

Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which it is reasonably possible that events could occur which would significantly disrupt normal finances within the next year.

20. The Station has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
21. The Station has complied with all aspects of contractual agreements that would have a material effect on the special-purpose financial statements in the event of noncompliance.

Very truly yours,

City of Burlington, Vermont Electric Department



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Darren Springer  
*General Manager*

Emily J\_  
Stebbins-Wheelock

Digitally signed by Emily J. Stebbins-Wheelock  
DN: C=US, OU=Manager of Strategy & Innovation, O=Burlington  
Electric Department, CN=Emily J. Stebbins-Wheelock,  
E=stebbins-wheelock@burlingtonelectric.com  
Reason: I am approving this document  
Location: your signing location here  
Date: 2024-10-28 15:43:53  
Foxit PhantomPDF Version: 9.7.0

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Emily Stebbins-Wheelock  
*CFO and Manager of Strategy and Innovation*