



Compliance Audit Report Public Version

**Central Minnesota Municipal Power Agency
(CMMPA)
NCR 00971
August 26-27, 2008**

**Confidential Information
(Including Privileged and Critical Energy Infrastructure Information)
Has Been Removed**

September 5, 2008

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Executive Summary

The Midwest Reliability Organization (MRO) conducted a compliance audit of Central Minnesota Municipal Power Agency (CMMPA) as a part of its normal six year cycle. Review of documentation submitted by CMMPA took place at the MRO offices on August 26-27, 2008. The team conducted an audit conference call on September 2, 2008 at the MRO office. The audit team consisted of two MRO staff members.

The North American Electric Reliability Corporation (NERC) has designated a subset of Reliability Standards for active compliance monitoring and reporting by the Regional Entities in their 2008 implementation plan. NERC has identified 62 standards as “actively monitored” which contain 294 requirements. These compliance audits focus on the period from June 18, 2007 to the audit date.

CMMPA is registered with the MRO as responsible for one function - PSE. As a result of this registration and for this audit, CMMPA is responsible for meeting compliance with six Reliability Standards which contain 7 requirements. CMMPA is found to be in full compliance with seven requirements.

An additional eight standards and their requirements were monitored as a part of the 2007 Critical Infrastructure Protection (CIP) survey. CMMPA, registered only as a PSE in the MRO region, has no critical facilities or critical cyber facilities, and was not required to respond to the MRO CIP survey conducted in 2008.

As a part of the audit process, CMMPA completed an Audit Questionnaire and provided the MRO with supporting documentation for its audit. Upon completion of the initial review of evidence, the audit team requested additional documentation. CMMPA submitted additional evidence and was found to be compliant in all audited requirements. The audit team then contacted CMMPA and identified the subject matter experts to be interviewed.

During the conference call, the CMMPA staff was found to be cordial, willing to clarify any questions and, when needed, directed the audit team to the correct supporting documentation. The subject matter experts were open with their responses and were cooperative throughout the process.

Audit Process

The CMMPA Compliance Audit was conducted as a part of its normal six year cycle. The 2008 Compliance Program consists of 54 actively monitored Standards. Forty-eight of these Standards were deemed not applicable, which are related to functions other than PSE. Documentation was viewed from June 18, 2007 to the date of the audit.

The compliance audit process steps are detailed in the NERC Compliance Monitoring and Enforcement Plan (CMEP). The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All Registered Entities are subject to audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.¹ The audit objectives are:

- Independently review CMMPA's compliance with the requirements of the reliability standards that are applicable to CMMPA based on the CMMPA's registered function.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standards, and review the status of associated mitigation plans.

Scope

The CMMPA Compliance Audit was conducted as a part of its normal six year cycle. The audit was conducted under the guidelines of the 2008 CMEP. All applicable Regulatory Approved and MRO Regional standards were reviewed during this audit. The audit team reviewed supporting documentation starting June 18th, 2007 through August 25, 2008.

Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were available to the audited entity in advance of the audit. Biographies of each audit team member were available to the audited entity if requested. The audited entity was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. The audited entity accepted the audit team member participants with no objections.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Methodology

Audit criteria included standards, measures, and expectations based on best practices. The criteria were objective, measurable, complete and relevant to the objectives. The audit team accepted and was not limited to policies, procedures, screen-prints of EMS, copies of operator logs, audio clips, and correspondence. If needed, additional supporting documentation or clarification was requested.

The Audit team used the Reliability Standards Auditor Worksheets (RSAW) to review each reliability standard during the compliance audit. This is done to ensure consistency and fairness during each compliance audit.

Audit Overview

The MRO scheduled CMMPA to receive a compliance audit August 20-21, 2008 as a part of its normal six year cycle. On May 27, 2008 the MRO sent CMMPA the audit package which included *the On-Site Notification, Pre-Audit Survey, Procedures for Conducting an Audit, Subject Matter Experts Spreadsheet, Preparing for Compliance and Compliance Audit* and the *2008 MRO Audit Questionnaire*.

Audit

Two weeks prior to the audit, CMMPA supplied MRO with approximately 95% of supporting documentation needed to demonstrate compliance. MRO staff reviewed this documentation. The compliance staff utilized the NERC Standards and the RSAW while reviewing the supporting documents and the Audit Questionnaire response provided by CMMPA.

After evaluation of the supporting documentation, a set of questions was developed to be posed to subject matter experts for CMMPA and missing supporting evidence was identified. Prior to the conference call, the team of auditors was able to review the necessary documents and conduct interviews of the subject matter experts. These interviews, in conjunction with supporting evidence, provided the audit team with a basis for professional judgment when validating compliance with reliability standards.

Subject matter experts for the following standards were requested to be available: INT-001, 004, IRO-001, 005, TOP-005, and VAR-001.

Audit Proceedings

The MRO presented a high level overview of the compliance audit process.

The auditor code of conduct was reviewed. MRO staff must adhere to confidentiality as required through the NERC Delegation Agreement.

Exit Briefing

The CMMPA documentation and evidence was judged to be compliant, and there were no further questions or open issues. Upon completion of the audit portion of the conference call, the MRO conducted an exit briefing with the CMMPA staff. CMMPA was found to be in compliance to the Reliability Standards and Requirements for which they are responsible.

All documentation is stored at the MRO office in a fire proof locked cabinet.

Company Profile

Central Minnesota Municipal Power Agency is a project oriented agency comprised of 12 Members in South Central MN representing a 2007 August 1st HE 16 peak load of 93.6 MW and is registered as a PSE in the MRO. CMMPA members are:

Blue Earth	Kasson
Delano	Kenyon
Fairfax	Mountain Lake
Glencoe	Sleepy Eye
Granite Falls	Springfield
Janesville	Windom

CMMPA operates in the MISO RC footprint. CMMPA Members are located in Central and Southern Minnesota. CMMPA members operate on the 69 and 115 kV system. CMMPA does not currently own or operate any transmission or generation facilities. CMMPA members have firm purchase agreements with Western Area Power Administration (WAPA), Ameren, Alliant Energy and Xcel Energy (NSP).

Audit Specifics

The compliance audit document review was conducted in the MRO offices in Roseville, MN on August 26-27, 2008 which was followed up by a conference call on September 2, 2008.

Audit Team

Audit Team Role	Title	Company
Lead	Compliance Audit Manager	MRO
Member	Senior Compliance Principal	MRO

CMMPA Audit Participants

Title	CMMPA Organization
Scheduler II	CMMPA
Director Operations	CMMPA

Audit Results

- CMMPA provided the audit team with supporting documentation for review prior to the conference call. The team received approximately 95% of the supporting documentation needed for evidence. The audit team reviewed the supplied documentation prior to the conference call. As a result of reviewing this evidence, the audit team developed questions for the subject matter experts and a list of additional required documentation.
- CMMPA personnel were allowed to speak freely without interruption from management during the subject matter expert interviews.
- The audit team utilized the Reliability Standard Auditor Worksheets (RSAW) in order to assess compliance of the reliability standards. The primary questions of the subject matters were documented in addition to the requests for additional evidence.

Findings

Compliance Audit

Conducted On: **Sep 02, 2008**

Entity: **Central Minnesota Municipal Power Agency (Utilities Plus) (CMMPA)**

Address: **459 South Grove Street, Blue Earth, Minnesota 56013, United States**

NERC Compliance Registry ID: **NCR00971**

Standard Requirement	Compliant
INT-001-2 R1	Yes
INT-004-1 R1	Yes
INT-004-1 R2	Yes
IRO-001-1 R8	Yes
IRO-005-1 R13	Yes
TOP-005-1 R4	Yes
VAR-001-1 R5	Yes

Compliance Culture

The CMMPA compliance culture was not reviewed by the audit team.