



NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8901 TELEPHONE: (212) 840-1070 FAX: (212) 302-2782

Compliance Audit Report Public Version

**Burlington Electric Department
NCR07024**

June 11 to June 24, 2008

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

June 24, 2008

TABLE OF CONTENTS

Executive Summary	3
Audit Process	3
<i>Objectives</i>	3
<i>Scope</i>	3
<i>Confidentiality and Conflict of Interest</i>	4
<i>On-site Audit</i>	4
<i>Methodology</i>	4
<i>Audit Overview</i>	4
<i>Audit</i>	5
<i>Exit Briefing</i>	5
<i>Company Profile</i>	5
<i>Audit Specifics</i>	6
Audit Results	6
<i>Findings</i>	7
<i>Compliance Culture</i>	8

Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

The off-site compliance audit of Burlington Electric Department (BED) was conducted between June 11 and June 24, 2008. The audit was completed using data submitted by BED prior to the audit and data acquired through telephone calls and email responses to questions.

The audit team evaluated BED's compliance with eighteen reliability standards identified in the NERC 2008 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each, reliability standard. Of the eighteen standards audited, eleven were judged to be compliant and seven were judged to be not applicable. BED provided subject matter experts for each standard resulting in a more clear understanding of the BED business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete and well organized. The audit team would like to thank the BED audit preparation team for the support offered through the audit.

Audit Process

The compliance audit process steps are detailed in the NERC 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 BED compliance with the requirements of the reliability standards that are applicable to BED based on the BED registered functions.
- 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 standard, and review the status of associated mitigation plans.
- Document the BED compliance culture.

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

Scope

The audit included all standards identified in the March 26, 2008 audit letter for the previous year. The audit was a regularly scheduled audit, there was one self reported violation and the mitigation plan had been completed. No compliance investigations were involved.

Confidentiality and Conflict of Interest

The audited entity was informed in advance of the audit that the independent contractors executed confidentiality agreements and code of conduct documentation was in place for the NERC representative and regional entity staff. Work history and conflict of interest forms submitted by each audit team member are on file in the NPCC corporate offices. 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.

Off-site Audit

BED was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to BED more than 60 days in advance of the scheduled audit. This is an on-site audit conducted every six years or as determined to be necessary by the region. BED had one self reported violation and the mitigation plan had been completed

The audit team leader requested interviews with BED employees representing subject matter expertise regarding all of registered functions of BED. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The audit team prepared reliability standards auditor worksheets (RSAWs) to evaluate each standard. The RSAW's are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form portion of the audit trail are included in the RSAW's.

Audit Overview

The audit overview was conducted at 2:00 PM June 11, 2008 via conference call. The auditor reviewed his career and noted he had signed confidentially agreements. A brief explanation of the audit process was given and the timelines were discussed. BED was given the opportunity to reject the auditor should they feel that there was a possible conflict of interest or they thought the auditor would not be impartial. BED accepted the audit team.

Audit

Garth Arnott as the audit lead performed the audit off site. Prior to calls to BED, the auditor developed a list of questions for BED and asked the questions. BED then took the time necessary to develop the answer and submitted them by email to the auditor.

Exit Briefing

The exit briefing was conducted by conference call on June 24, 2008 between Garth Arnott of NPCC and Paul Alexander of BED. NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that eleven standards were judged to be compliant and seven was judged to be not applicable. BED was given an opportunity to question the audit findings and provide comment on the audit. BED said they thought the process was very professional and although it had been a lot of work it was a beneficial process.

Company Profile

The City of Burlington Electric Department is a publicly owned and operated electric utility located in the State of Vermont. The department's franchise service territory is the City of Burlington plus the Burlington International Airport located in the neighboring city of South Burlington.

The five member electric department commission is appointed by the City Council of the City of Burlington. The commission appoints a General Manager to oversee the entire operation of the department. The General Manager has senior managers reporting for the various departments and operations. The compliance manager is a direct report to the General Manager.

The franchise service territory is entirely within the State of Vermont and the New England control area which is operated by ISO New England. Burlington Electric Department is a market participant with the New England Power Pool and ISO New England.

Burlington Electric Department's distribution system is comprised of 4.16kV and 13.8 kV voltage levels and includes a total of approximately 121 miles of primary lines with four 5 mVA, 13.8/4.16 kV substations. The Burlington Electric Department distribution system is operated as an open primary network. This is a distribution system of interconnected primary distribution circuits with normally open switches at the interconnection points. Burlington Electric Department has 25 mW of on-system generation in the Burlington Gas Turbine which is connected directly to the 13.8 kV system. Burlington Electric Department also operates, and is fifty percent owner of the 50 mW McNeil Generating Station. McNeil is connected directly to the GMP 34.5 kV sub transmission system and not to Burlington Electric Department's distribution system. Burlington Electric Department's distribution system has a total of three interconnection points to the rest of Vermont. The first interconnection point is with Green Mountain Power's 34.5 kV sub transmission system at 34.5 kV voltage level through a 33mVA, 34.5/13.8 kV transformer at the Lake Street Substation which is located on the Burlington waterfront. The remaining two interconnection points are with Vermont Electric Power Company at 13.8 kV voltage level through 30/40/50 mVA, 115/13.8 kV transformers at East

Avenue and Queen City substations (115/13.8 kV transformers, 13.8 kV breakers and some of the 13.8 kV wires inside the substations are owned by Vermont Electric Power Company.

As of December 31, 2007, Burlington Electric Department had 19,797 total customers. The City of Burlington 2007 peak demand was 67,940 KW. The peak occurred on June 27 at hour ended 1500. The annual peak has occurred during the summer since 1993. Burlington Electric department is registered in the Compliance Registry as Distribution Provider, Load Serving Entity, and Purchasing Selling Entity and its Regional Reliability Organization is the Northeast Power Coordinating Council.

The McNeil Generating Station has a maximum rating of 54 mW and generates 97% of time on wood, 1% on natural gas, and the balance using composite fuels. The Burlington Gas Turbine is rated for 19.27 mW and runs on No. 2 fuel oil.

Audit Specifics

The compliance audit was conducted between June 11 and June 24, 2008 at the auditor's offices

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program

BED

Title	[Audited Entity] Organization
Manager of Risk Management & Governmental Affairs	BED
Compliance Consultant	Utility Services

Audit Results

BED provided a CD and emails containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions conference calls were used to request additional documentation until the auditors were convinced that the standards and requirements had been met and BED had demonstrated compliance.

After reviewing all the data BED was judged to be compliant with eleven standards and seven was judged to be not applicable.

Findings

The following table details the summarized auditor notes relating to evidence reviewed for compliance with the reliability standards listed in the NERC 2008 Implementation Plan. This table can also include details summarizing auditor notes relating to evidence reviewed for reliability standard requirements for self-reported violations, ongoing mitigation plans, and other discussions.

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
EOP-002-2	R9.	Compliant
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
INT-001-2	R1	N/A
INT-004-1	R1	Compliant
INT-004-1	R2	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R3.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-016-0	R1.	N/A
PRC-016-0	R2.	N/A
PRC-016-0	R3.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
PRC-021-1	R1.	N/A
PRC-021-1	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant
VAR-001-1	R5	Compliant

Compliance Culture

The audit team reviewed BED's compliance culture. The regional entity compliance staff may review additional aspects of BED's compliance culture. During all contacts BED staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability. The manager responsible for compliance reported directly to the General Manager, an indication to their commitment to compliance.