



NORTHEAST POWER COORDINATING COUNCIL, INC.
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Compliance Audit Report Public Version

**CMEEC Bozrah Light and Power Company
NCR07034**

August 13 to September 2, 2008

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

September 2, 2008

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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 offsite compliance audit of the Bozrah Light and Power Company (BL+P) was conducted between August 13th and September 2nd, 2008. The audit was completed using data submitted by BL+P prior to the offsite audit being started, and data provided by way of follow-up emails and phone calls as a result of questions raised during the offsite audit.

The auditor evaluated BL+P's compliance with fifteen reliability standards and thirty requirements 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 fifteen standards and thirty requirements audited for the functions BL+P is registered for, eight standards and their seventeen requirements were judged to be not applicable and one standard and its two requirements were judged to be not applicable for this audit period. BL+P were found to be compliant with six standards and their eleven requirements for this audit period. The BL+P provided subject matter experts as necessary resulting in a more clear understanding of the BL+P business model and accelerated the audit process. The evidence provided to demonstrate compliance was excellently presented and well organized. The audit team would like to thank the BL+P audit preparation team for the support offered throughout 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 BL+P compliance with the requirements of the reliability standards that are applicable to BL+P based on the BL+P registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.

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

- 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 BL+P compliance culture.

Scope

The audit included all standards identified in the May 30th, 2008 audit letter for the previous year. The audit was a regularly scheduled audit and no self reported violations or 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.

Offsite Audit

BL+P were provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to BL+P more than 60 days in advance of the scheduled audit. This is an offsite audit conducted every six years or as determined to be necessary by the region. BL+P had not self reported any violations.

If necessary, the auditor would have requested interviews with BL+P employees representing subject matter expertise regarding all of the registered functions of BL+P. These interviews in conjunction with the submitted evidence would provide the auditor with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The auditor 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 by way of a conference call on August 15th, 2008. It was led by Kim Pitchell and participating for BL+P was the General Manager, Deputy Director- Electric Division, and their consultant, Rosanna Jimenez of NERC was also on the call. An explanation of the audit process was given and the timelines were discussed. BL+P was given an opportunity to reject the auditor but accepted the auditor and his credentials for this audit.

Audit

The audit was performed offsite by the auditor- Kim Pitchell with Sal Buffamante of NPCC assisting and with Rosanna Jimenez of NERC observing and assisting as required. Additional questions were provided to the BL+P by way of emails and phone calls and the BL+P then took the time necessary to develop the answers and submitted them by way of email and phone calls to the auditor.

Exit Briefing

The exit briefing was led by Kim Pitchell by way of a conference call on September 2nd, 2008 and was attended by the BL+P General Manager, Deputy Director- Electric Division, and their consultant, and Rosanna Jimenez of NERC. The Auditor reviewed the audit process and summarized the preliminary findings of the audit.

The results of the audit were that of the fifteen standards and thirty requirements audited for the functions BL+P is registered for, eight standards and their seventeen requirements were judged to be not applicable and one standard and it's two requirements were judged to be not applicable for this audit period. BL+P were found to be compliant with six standards and their eleven requirements for this audit period. BL+P were given an opportunity to question the audit findings and provide comment on the audit. BL+P accepted the preliminary findings and said they found the process to be very informative. They have a much better appreciation of how the audit process works and what it entails to be fully compliant to all standards. Bozrah Light and Powers parent company Groton Utilities has suggested a certificate of compliance be issued that recognizes the organizations commitment to having met the NERC Reliability Standards applicable to their registration for the offsite audit or onsite audit. This certificate could be posted on site and thus have a high visibility to both staff and visitors and go a long way in stressing the importance of complying with NERCs Reliability Standards and the applicable entities commitment to compliance.

Company Profile

Bozrah Light and Power Company is a subsidiary of Groton Utilities and is located in Bozrah, CT. just west of Norwich, CT. BL&P is registered with NERC and NPCC as a distribution provider and a load serving entity.

Groton Utilities is a municipal utility within the town and City of Groton, Connecticut and supplies water, cable and telephone service to areas surrounding the City of Groton. Groton Utilities also supplies electricity but only to the City of Groton.

Bozrah Light and Power Utilities Commission consists of four Bozrah Utilities Commissioners plus the five Groton Utilities Commissioners.

BL&P serves approximately 2,722 customers in the towns of Bozrah, Lebanon, and Montville, Connecticut; which is located in east central Connecticut about 50 miles east of Hartford and 25 miles north of Groton.

Currently there is one substation located at 94 Stockhouse Road, Bozrah, CT with two 13.8KV distribution circuits and a total of 117 miles of distribution lines. The Stockhouse Road substation is supplied power from two NU 115KV overhead transmission lines: the 1490 line originates from Card Street Substation, Willimantic, CT, and the 1070 line originates from Fort Hill Farms Substation, Montville, CT.

Presently Bozrah Light & Power peak load is 31.27 MW which occurred on August 2, 2007. ISO-NE is the Balancing Authority and Reliability Coordinator for Bozrah Light and Power Company. The transmission operator for the BL&P Stockhouse substation is Northeast Utilities. Bozrah Light and Power Co. does not currently own any power generation.

Audit Specifics

The compliance audit was conducted off-site between August 13th and September 2nd, 2008. The audit team members and BL+P staff did an excellent job in completing the audit.

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Regional staff	Manager Compliance	NPCC-Compliance Audit Program
Observer	Regional Coordinator	NERC Regional Compliance Program

Bozrah Light and Power Company

Title	Audited Entity's Organization
General Manager	Groton Utilities
Deputy Director- Electric Division	+ Bozrah Light and Power Company
Consultant	

Audit Results

The auditor evaluated BL+P's compliance with fifteen reliability standards and thirty requirements 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 fifteen standards and thirty requirements audited for the functions BL+P is registered for eight standards and their seventeen requirements were judged to be not applicable and one standard and its two requirements were judged to be not applicable for this audit period. BL+P were found to be compliant with six standards and their eleven requirements for this audit period. The BL+P provided subject matter experts as necessary resulting in a more clear understanding of the BL+P business model and accelerated the audit process. The evidence provided to demonstrate compliance was excellently presented and well organized. The audit team would like to thank the BL+P audit preparation team for the support offered through the audit.

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.

NA+ indicates not applicable for this monitored audit period

* indicates that requirement is applicable to more than one registered functions

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.	NA
EOP-004-1	R2.	NA+
EOP-004-1	R3.	NA+
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R3.	NA
PRC-005-1	R1.	NA
PRC-005-1	R2.	NA
PRC-008-0	R1.	Compliant

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PRC-008-0	R2.	Compliant
PRC-010-0	R1.*	NA
PRC-010-0	R2.*	NA
PRC-011-0	R1.	NA
PRC-011-0	R2.	NA
PRC-016-0	R1.	NA
PRC-016-0	R2.	NA
PRC-016-0	R3.	NA
PRC-017-0	R1.	NA
PRC-017-0	R2.	NA
PRC-021-1	R1.	NA
PRC-021-1	R2.	NA
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant

Compliance Culture

The audit team reviewed BL+P compliance culture. The regional entity compliance staff may review additional aspects of BL+P compliance culture. During all contact, BL+P staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.