



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

**CMEEC Groton Utilities  
NCR07035**

**August 18 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 Groton Utilities (GU) was conducted between August 18th and September 2nd, 2008. The audit was completed using data submitted by GU 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 GU'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 GU 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. GU was found to be compliant with six standards and their eleven requirements for this audit period. The GU provided subject matter experts as necessary resulting in a more clear understanding of the GU 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 GU 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.<sup>1</sup> The audit objectives are:

- Independently review GU compliance with the requirements of the reliability standards that are applicable to GU based on the GU registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.

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<sup>1</sup> 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 GU 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**

GU was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to GU 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. GU had not self reported any violations.

If necessary, the auditor would have requested interviews with GU employees representing subject matter expertise regarding all of the registered functions of GU. 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 determined to be unnecessary as all participants were the same as those on the call of August 15/08 when Bozrah Light and Power Company overview was discussed. BL+P is a wholly owned subsidiary of Groton Utilities. That call was led by Kim Pitchell and participating for GU 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. GU 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 GU by way of emails and phone calls and the GU 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 General Manager, Deputy Director- Electric Division, and the consultant from GU 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 GU 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. GU was found to be compliant with six standards and their eleven requirements for this audit period. GU was given an opportunity to question the audit findings and provide comment on the audit. GU 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. 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**

Groton Utilities – Electric Division is a municipal utility that serves 14,386 customers within the city and town of Groton, CT, located just East of New London, CT. Groton Utilities – Electric Division is registered with NERC and NPCC as a distribution provider and a load serving entity. Groton Utilities supplies water, cable and telephone service to areas surrounding the City of Groton.

The Groton Utilities Electric Division organization consists of the following: Five Utility Commissioners, one Utilities Director, one Deputy Director, one Operations General Manager, two Operations General Foremen, linepersons, substation electricians, meter persons, electricians, stockperson and engineering aides. The Utilities Commission is the governing entity providing approval of budgetary spending and utility decision making.

Currently there are 13 electric substations located throughout the service territory in Groton, CT within a 3.5 mile radius. All power is supplied to GU – Electric Division via three overhead transmission lines from Northeast Utilities. The 400 line is a 69KV from Northeast Utilities Substation located in Montville, CT. The 1280 line is a 115KV from Montville as well. The 1410 line is a 115KV line is from Mystic substation, Mystic, CT. Groton Utilities – Electric Division system contains 150 miles of distribution lines at 8.32KV, 13.8KV and 34.5KV.

GU owns 1.78 miles of overhead transmission each of the three interconnection lines. All three overhead transmission lines connect to the Buddington Road Substation where the voltage is stepped down to 34.5KV.

Presently GU-Electric Division peak load is 106.46 MW and it occurred on August 2, 2007. ISO-NE is the Balancing Authority and Reliability Coordinator for Groton Utilities – Electric Division. The transmission operator for the Groton Utilities – Electric Division at Buddington Road Substation in Groton, CT is Northeast Utilities.

Groton Utilities – Electric Division does not currently own any power generation.

## **Audit Specifics**

The compliance audit was conducted off-site between August 18th and September 2nd, 2008. The audit team members and GU staff did an excellent job in completing the audit.

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

## **Groton Utilities**

Title	Audited Entity's Organization
General Manager	Groton Utilities
Deputy Director- Electric Division	
Consultant	

## Audit Results

The auditor evaluated GU'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 GU 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. GU was found to be compliant with six standards and their eleven requirements for this audit period. The GU provided subject matter experts as necessary resulting in a more clear understanding of the GU 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 GU 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

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