



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

Chicopee Municipal Lighting Plant NCR07031

July 14 to August 12, 2008

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

August 12, 2008

TABLE OF CONTENTS

Executive Summary	3
Audit Process	3
<i>Objectives</i>	3
<i>Scope</i>	4
<i>Confidentiality and Conflict of Interest</i>	4
<i>Offsite Audit</i>	4
<i>Methodology</i>	4
<i>Audit Overview</i>	5
<i>Audit</i>	5
<i>Exit Briefing</i>	5
<i>Company Profile</i>	5
<i>Audit Specifics</i>	6
Audit Results.....	7
<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 offsite compliance audit of the Chicopee Municipal Lighting Plant (CMLP) was conducted between July 14th and August 12th, 2008. The audit was completed using data submitted by CMLP prior to the offsite audit being completed, 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 CMLP's compliance with sixteen reliability standards and thirty-two 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 sixteen standards and thirty-two requirements audited for the functions CMLP is registered for seven standards and their fifteen requirements were judged to be not applicable and three standards and their six requirements were judged to be not applicable for this audit period. CMLP was found to be compliant with six standards and their eleven requirements for this audit period. The CMLP provided subject matter experts as necessary resulting in a more clear understanding of the CMLP 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 CMLP 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 CMLP compliance with the requirements of the reliability standards that are applicable to CMLP based on the CMLP 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 CMLP compliance culture.

Scope

The audit included all standards identified in the May 15th, 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

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

If necessary, the auditor would have requested interviews with CMLP employees representing subject matter expertise regarding all of registered functions of CMLP. These interviews in conjunction with 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 July 16/08. It was led by Kim Pitchell (Auditor) and participating for CMLP were Jeff Cady and Brian Evans-Mongeon, Rosanna Jimenez of NERC was also on the call. An explanation of the audit process was given and the timelines were discussed. CMLP 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 CMLP by way of emails and phone calls and the CMLP 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 (Auditor) by way of a conference call on August 12th, 2008 and was attended by Jeff Cady and Brian Evans-Mongeon of CMLP 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 sixteen standards and thirty-two requirements audited for the functions CMLP is registered for, seven standards and their fifteen requirements were judged to be not applicable and three standards and their six requirements were judged to be not applicable for this audit period. CMLP was found to be compliant with six standards and their eleven requirements for this audit period. CMLP was given an opportunity to question the audit findings and provide comment on the audit. CMLP 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.

Company Profile

The Chicopee Municipal Lighting Plant (CMLP) is a municipal electric utility that serves the City of Chicopee and is located in Massachusetts approximately 90 miles west of Boston. CMLP serves approximately 26,000 customers with a July 10th 2007 peak of 97.3 MW and annual sales of 464,995,196 kWh's. The utility serves customers within the boundaries of the City of Chicopee which is approximately 25 square miles and resides entirely within the ISO-New England control area. The organization consists of 65 full time employees. The management staff consists of the General Manager and 2 department managers along with 9 supervisors. The utility is governed by a board of

commissioners made up of 3 non-paid members appointed by the Mayor for 3-year terms. CMLP is interconnected to Northeast Utilities transmission system at the Prospect 24B Substation and the Chicopee 18L substation. The Chicopee 18L substation, which is fed by the 1314 and 1254 Transmission feeders, is a three transformer (30/40/50 MVA rating) 115kV to 13.8kV substation that serves 18 - 13.8 kV distribution feeders within Chicopee (10 CMLP, 4 WMECO, 4 Spare). Northeast Utilities owns and maintains the 115kV facilities at the substation, including all the relaying and control systems. CMLP takes ownership of the facilities at the high side tap to the disconnects for each of the step-down transformers. The Prospect 24B Substation is owned by Holyoke Gas and Electric and is a two transformer (24/36/48 MVA) 115kV to 13.8kV substation that serves 6 - 13.8 kV distribution feeders in Chicopee. The station is fed from 2 radial taps out the Northeast Utility Owned Fairmont 16H, 115 kV station. Holyoke Gas and Electric owns and maintains both the 115kV and 13.8 kV sides of the substation; CMLP takes ownership of the distribution at the riser pole for each of the 6 circuits. CMLP is in the final stages of upgrading from a 4.8 kV system to a 13.8 kV distribution system. By the end of 2008, all of CMLP's existing system should be at the 13.8 kV distribution voltage level. The utility currently maintains 215 miles of overhead primary and 159.55 of underground primary cable. Chicopee Municipal Lighting Plant owns and operates 8.25 MW of Generation Capacity. The Generators consist of 3 General Electric EMD units that operate on Number 2 diesel and are used for peak load situations. CMLP is registered with NERC as both a Distribution Provider and a Load Serving Entity.

Audit Specifics

The compliance audit was conducted on-site between July 14th and August 11th, 2008. The audit team members and Chicopee staff did an excellent job in completing the audit considering the large number of applicable requirements and huge amount of supporting documentation.

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

Chicopee

Name and Title		Audited Entity's Organization
General Manager		Chicopee
Engineering Manager		
Consultant		

Audit Results

The auditor evaluated CMLP's compliance with sixteen reliability standards and thirty-two 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 sixteen standards and thirty-two requirements audited for the functions CMLP is registered for, seven standards and their thirteen requirements were judged to be not applicable and three standards and their six requirements were judged to be not applicable for this audit period. CMLP was found to be compliant with six standards and their eleven requirements for this audit period. The CMLP provided subject matter experts as necessary resulting in a more clear understanding of the CMLP 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 CMLP 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.

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+
INT-001-2	R1.	NA
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R1.	NA+
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 CMLP compliance culture. The regional entity compliance staff may review additional aspects of CMLP compliance culture. During all contact, CMLP staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.