



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

**Dominion Nuclear Connecticut, Inc.**  
**NCR07065**

**October 24 to November 21, 2008**

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

**11/21/2008**

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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 Dominion Nuclear Connecticut was conducted between October 24 and November 21, 2008. The audit was completed using data submitted by Dominion Nuclear Connecticut and telephone and email data exchanges. The audit team evaluated Dominion Nuclear Connecticut, Inc.'s compliance with sixteen 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 sixteen standards audited, five were deemed to be non-applicable; the remaining eleven standards were all judged to be compliant.

Dominion Nuclear Connecticut provided a subject matter expert for each standard resulting in a more clear understanding of the Dominion Nuclear Connecticut business model and accelerated the audit process. The evidence provided to demonstrate compliance required requests for additional information and evidence. The Dominion Nuclear Connecticut audit team responded to requests for further information in an expeditious manner. The audit team would like to thank the Dominion Nuclear Connecticut team for the support offered throughout the audit, in general by responding to the requests with quality evidence and specifically for arranging access to view sensitive documents.

## Audit Process

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 Dominion Nuclear Connecticut's compliance with the requirements of the reliability standards that are applicable to them based on their 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

The audit was completed using data submitted by Dominion Nuclear Connecticut and information via email data exchanges. The audit team evaluated Dominion Nuclear Connecticut's compliance with sixteen 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 sixteen standards audited (five of the standards were deemed to be not applicable to Dominion Nuclear Connecticut, Inc.), eleven were judged to be compliant based on the data submitted in response to the audit request and further data provided as a result of follow up questions.

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>2</sup> The audit objectives are:

- Independently review Dominion Nuclear Connecticut, Inc.'s compliance with the requirements of the reliability standards that are applicable to them based on their 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 Dominion Nuclear Connecticut, Inc.'s compliance culture.

### **Scope**

The audit included all standards identified in the August 6, 2008 audit letter for the previous year. The audit was a regularly scheduled audit and no self reported violations or compliance investigations were involved.

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<sup>2</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

### ***Confidentiality and Conflict of Interest***

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and regional entity staffs were provided to the audited entity in advance of the audit. 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***

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

The audit team leader requested that Dominion Nuclear Connecticut employees representing subject matter expertise regarding all of registered functions of Dominion Nuclear Connecticut be made available for interviews should the need arise. These interviews, in conjunction with submitted evidence, provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Generally accepted government auditing standard 3.39 places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

### ***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 11:00 AM October 24, 2008 via conference call. The teleconference was between representatives of NPCC, Dominion Nuclear Connecticut and NERC. The auditors reviewed their careers and noted that they had signed a confidentiality agreement. The Dominion Nuclear Connecticut Audit Staff also shared their background with the NPCC auditors. A brief explanation of the audit process was given and the timelines were discussed. Dominion Nuclear Connecticut was given the opportunity to reject any of the auditors should they feel that there was a possible conflict of interest or they thought that the auditors would not be impartial. Dominion Nuclear Connecticut accepted the audit team.

## ***Audit***

The audit was performed off site by a team of NPCC auditors. The auditors reviewed the information submitted by Dominion Nuclear Connecticut and then developed a list of questions and requests for further information; the list was then sent to Dominion Nuclear Connecticut for their review. Dominion Nuclear Connecticut then took the time necessary to gather the necessary information and submitted them by email to the auditor.

## ***Exit Briefing***

The exit briefing was conducted via conference call at 10:00, November 21, 2008. The teleconference was between the NPCC auditor team, representatives of Dominion Nuclear Connecticut and NERC. The NPCC staff reviewed the audit process and summarized the findings of the audit. After reviewing all the data, Dominion Nuclear Connecticut was judged to be compliant with eleven of the sixteen standards, however five of the standards were deemed to be not applicable to Dominion Nuclear Connecticut.

Dominion Nuclear Connecticut representatives commented that the NPCC plans to combine the audit questionnaires and the RSAWs will be a good improvement to the present audit process. They also commented that the addition of a secure FTP site at NPCC will improve the transfer of documentation from the entity to NPCC. The audit team was thanked for their thorough work and it was noted that they did a good job and were knowledgeable.

### **Company Profile**

Dominion Nuclear Connecticut, Inc (DNC) is a Delaware corporation with its principal place of business located at Millstone Power Station in Waterford Connecticut and is a subsidiary of Dominion Energy Marketing, Inc (DEMI). DNC was created to acquire, own and operate the Millstone Power Station located on Long Island Sound. As an independent power producer, DNC is registered with FERC as an exempt wholesale generator to produce and sell wholesale electric power into the New England competitive markets. DNC is functionally registered with NERC as a GO/GOP.

Millstone Nuclear Power Station (Millstone) consists of Millstone Unit 1, a 660-MW reactor that was retired from service in July 1998; Millstone Unit 2, an operating 875 MW reactor; and Millstone Unit 3, an operating 1,154 MW reactor. Millstone is located in the Eastern Connecticut zone of the New England control area managed and controlled by ISO-NE, the Regional Transmission Organization (RTO), who also is assigned BA authority/responsibility.

The Millstone operating units interconnect to the 345 kV bulk power grid through the transmission facilities of host Transmission Owner, Connecticut Light & Power (CL&P) a subsidiary of Northeast Utilities Services, who is registered as a TP.TOP and TSP. Upon the purchase of the facilities on April 1, 2001 DNC entered into an Interconnection Agreement (IA) with CL&P in accordance with the provisions of ISO New England's (ISO-NE) FERC approved Open Access Transmission Tariff. The IA was filed with FERC and the Connecticut Department of Public Utility Commission. DNC is electrically connected within the Connecticut load zone of New England control area with the Local Control Center of CONVEX. DNC does not own or operate any transmission facilities that are part of the New England Bulk Electric System as defined under NPCC A-10 Classification of Bulk Power System Elements.

The key organizations associated with DNC's NERC compliance activities are:

<b><u>Entity</u></b>	<b><u>Function</u></b>
NERC	ERO
NPCC	RRO
ISO-NE	BA, PA, RC, TOP, TP, TSP
NU/CONVEX	TO, TOP, TSP
CL&P	TO
DNC	GO, GOP
DEMI <sup>1</sup>	PSE

### **Audit Specifics**

The compliance audit was conducted from October 24 and November 21, 2008 at the offices of the NPCC Audit Staff.

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Member	Contracted Consultant	NPCC-Compliance Audit Program
Member	Contracted Consultant	NPCC-Compliance Audit Program
Member	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program

### **Dominion Nuclear Connecticut**

<b>Title</b>	<b>Organization</b>
Project Manager	Dominion Nuclear Connecticut Inc.

## **Audit Results**

Dominion Nuclear Connecticut provided data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions, emails were used to request additional documentation until the auditor was convinced that the standards and requirements had been met and Dominion Nuclear Connecticut had demonstrated compliance.

### **Findings**

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-005-0	R1.	Compliant
CIP-001-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
COM-002-2	R1	Compliant
EOP-004-1	R2	Not Applicable
	R3	Not Applicable
EOP-009-0	R1	Not Applicable
	R2	Not Applicable
FAC-008-1	R1	Compliant
	R2	Not Applicable
	R3	Not Applicable
FAC-009-1	R1	Compliant
	R2	Compliant
IRO-001-1	R8	Not Applicable
IRO-004-1	R4	Compliant
PRC-004-1	R2	Compliant
	R3	Not Applicable
PRC-005-1	R1	Compliant
	R2	Not Applicable
PRC-016	R1 – R3	Not Applicable
PRC-017	R1 – R2	Not Applicable
TOP-002-2	R3	Compliant
	R13	Compliant
	R14	Compliant
	R15	Compliant
	R18	Compliant
TOP-003-0	R1	Compliant
	R2	Compliant
	R3	Compliant
VAR-002-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant

### ***Compliance Culture***

The audit team reviewed the Dominion Nuclear Connecticut compliance culture. The regional entity compliance staff may review additional aspects of the Dominion Nuclear Connecticut compliance culture. During all contacts with the Dominion Nuclear Connecticut staff they acted professionally in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.