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Compliance Audit Report Public Version

**Boylston Municipal Light Department
(NCR10250)**

March 6-24, 2009

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

March 24, 2009

TABLE OF CONTENTS

Executive Summary	3
Audit Process	3
<i>Objectives</i>	4
<i>Scope</i>	4
<i>Confidentiality and Conflict of Interest</i>	4
<i>Off-site Audit</i>	5
<i>Methodology</i>	5
<i>Audit Overview</i>	5
<i>Audit</i>	6
<i>Exit Briefing</i>	6
<i>Company Profile</i>	6
<i>Audit Specifics</i>	6
<i>Audit Participants</i>	7
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 off-site compliance audit of Boylston Municipal Light Department (BMLD), NERC ID #NCR10250 was conducted between March 6 and March 24, 2009. At the time of the audit, BMLD was registered for the DP function. Additional information was submitted by BMLD on March 13, 2009. The audit was completed using data submitted by BMLD and telephone and email data exchanges. The audit team evaluated BMLD's compliance with five requirements in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed reliability standards identified in the NERC 2009 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each reliability standard. Of the five standards audited, all were judged to be compliant or not applicable. BMLD provided subject matter experts for each standard resulting in a more clear understanding of the BMLD business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete, thorough and well organized. The audit team would like to thank the BMLD audit preparation team for the support offered through the audit.

There were no ongoing or recently completed mitigation plans and, therefore, none were reviewed by the audit team.

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. The following chart is a listing of the compliance requirements for a DP.

	DP
Standard Number	Requirement Number
PRC-004	R1, R3
PRC-005	R1, R2
PRC-008	R1, R2
PRC-017-0	R1,R2
TOP-001-1	R4

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 to:

- Independently review BMLD's compliance with the requirements of the reliability standards that are applicable to BMLD based on the BMLD's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards and additional NERC reliability standards selected by NERC.
- Validate compliance with applicable Regional Standards from the NPCC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications and confirm compliance with other requirements of the reliability standard.
- Review the status of associated mitigation plans.
- Observe and document BMLD's compliance program and culture.

Scope

A compliance audit will generally include all reliability standards applicable to the Registered Entity monitored in the NERC Implementation Plans in the current and two previous years, and may include other reliability standards applicable to the Registered Entity. The scope of a compliance audit is scheduled as part of a regular, periodic scheduled audit. For the 2009 compliance program, the monitoring period for the compliance audit will generally be from the date that BMLD registered or periods specified in individual reliability standards.

At the time of the audit, BMLD was registered for the DP function. The audit team evaluated BMLD for compliance during the period of May 12, 2008 (registration date for BMLDS) to March 24, 2009.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and Regional Entity staff were provided to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the audited entity. 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

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

performance of duties. The audited entity accepted the audit team member participants with no objections.

Off-site Audit

The notice of the audit was sent on December 23, 2008 to Gary Harrington, General Manager of BMLD, notifying him of the schedule for the off-site Compliance Audit as a Distribution Provider. Attached to the letter was the following information to assist Mr. Harrington in his preparation for the audit: a) Request for information, b) Combined Pre-Audit Questionnaire and Reliability Standards Audit Worksheets (RSAWs), c) Certification Statement for the audit information, and d) Audit Team members' bios. The list of reliability standards are as follows:

	DP
Standard Number	Requirement Number
PRC-004	R1, R3
PRC-005	R1, R2
PRC-008	R1, R2
PRC-017-0	R1,R2
TOP-001-1	R4

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 auditing standards and best practices that are to be followed by compliance auditors in carrying out their work are described in the Compliance Auditor Manual. The criteria are objective, measurable, complete and relevant to the audit objectives. The auditor identified potential sources of audit evidence and considered the amount and type of evidence needed given the risk and significance when defining the audit methodology.

Audit Overview

The audit overview conference call was conducted on March 6, 2009 with Brian Evans-Mongeon, Consultant for BMLD and Michael Calimano, the NPCC auditor assigned to this audit. This call was an opportunity for the lead auditor to specify audit expectations including

expected behavior of Registered Entity management. Follow-up call on March 12, 2009 included Mr. Evans-Mongeon and Mr. Gary Harrington.

Audit

The audit team reviewed each of the Reliability Standard Audit Worksheets (RSAWs) submitted for each listed standard as well as each of the policies and procedures used by BMLD in meeting the requirements of each standard. Some of these procedures were at the Company level, the Reliability Coordinator level and at the regional level. Additionally, the audit team contacted BMLD on March 12, 2009 seeking clarifications and additional documentation needed to complete the audit. Additional information was sent to the auditor via e-mail on a timely basis by the company in response to the outstanding questions.

Exit Briefing

The exit briefing was conducted by conference call on March 26, 2009. The meeting was attended by Michael Calimano of NPCC, Gary Harrington of BMLD, Brian Evans-Mongeon and Steve Disalvo of Utility Services. NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that all five standards were judged to be compliant or not applicable. BMLD was given an opportunity to question the audit findings and provide comment on the audit.

Company Profile

The Boylston Municipal Light Department is a municipal electric utility that serves the Town of Boylston and is located in central Massachusetts, approximately 45 miles west of Boston and 10 miles east of Worcester. BMLD serves approximately 2000 customers with a June 10th, 2008 peak load of 7.177 MW and annual sales of 30,598,960 KWH's. The utility resides entirely within the ISO New England control area. The organization consists of 6 full time employees. The utility is governed by a board of commissioners made up of 3 non-paid members elected by the community. BMLD is interconnected to the National Grid transmission system at the West Boylston Substation. The substation is fed by the P142 and P142W 115 kV transmission lines and has a single 18/24/30 MVA transformer. BMLD also has one other synchronous interconnection with West Boylston. Within the system, BMLD utilizes operating voltages of 13.8, 7.97 and 2.4 kV. There are 8.432 miles of lines at these voltages. BMLD does not own any 115 kV circuits.

Audit Specifics

The compliance audit was conducted between March 6 and March 24, 2009 at NPCC offices in New York City, New York.

Audit Participants

The following is a listing of all personnel from the Audit Team and BMLD who were present during the meetings or interviews:

Audit Team

Audit Team Role	Name	Title	Company
Lead	Michael Calimano	Contract Consultant	NPCC
Member	Sal Buffamante	Manager-Compliance	NPCC

BMLD Audit Participants

Name	Title	Organization
Gary Harrington	General Manager	BMLD
Brian Evans-Mongeon	Consultant	Utility Services

Audit Results

BMLD had submitted responses to the pre-audit questionnaire and RSAW. Additional evidence was included such as the procedures, maintenance and testing results of equipment and additional information from the TOP and RC as appropriate. In response to questions raised by the auditor, an e-mail with associated responses to the questions was sent on March 13, 2009.

Based on the information and documentation provided by BMLD, the audit team found that of the five reliability standards within the scope of the compliance audit, BMLD was compliant with all applicable requirements of two reliability standards. The audit team determined that the requirements of three reliability standards were not applicable to BMLD.

Findings

The following table details findings for compliance with the reliability standards listed in the NERC 2009 Implementation Plan.

Reliability Standard	Requirement	Finding
PRC-004-1	R1.	N/A
PRC-004-1	R3.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R1.1.	N/A
PRC-005-1	R1.2.	N/A

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Reliability Standard	Requirement	Finding
PRC-005-1	R2.	N/A
PRC-005-1	R2.1	N/A
PRC-005-1	R2.2	N/A
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-017-0	R1.	N/A
PRC-017-0	R1.1	N/A
PRC-017-0	R1.1.1	N/A
PRC-017-0	R1.1.2	N/A
PRC-017-0	R1.1.3	N/A
PRC-017-0	R1.1.4	N/A
PRC-017-0	R1.2	N/A
PRC-017-0	R1.3	N/A
PRC-017-0	R1.4	N/A
PRC-017-0	R1.5	N/A
PRC-017-0	R1.6	N/A
PRC-017-0	R2	N/A
TOP-001-1	R4	Compliant

Compliance Culture

BMLD's compliance culture was reviewed by the audit team. BMLD's organization consists of 6 full time employees. The management staff consists of the General Manager, 2 office staff and a 3 man line crew. BMLD has hired an outside consultant to assist them in meeting the requirements of the reliability standards. This is indicative of a good compliance culture at BMLD.