



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

**Exelon Generating Company, LLC**

**July 15 to August 5, 2009**

**August 5, 2009**

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

## TABLE OF CONTENTS

Executive Summary .....	3
Audit Process .....	3
Objectives .....	3
Scope.....	4
Confidentiality and Conflict of Interest .....	4
Off-site Audit .....	4
Methodology .....	4
Audit Overview.....	5
Audit .....	5
Exit Briefing.....	5
Company Profile .....	5
Audit Specifics.....	6
Audit Results.....	6
Findings.....	6
Compliance Culture .....	8

## Executive Summary

The off-site compliance audit of Exelon Generating Company, LLC (EGC) was conducted between July 15 and August 5, 2009. The audit was completed using data submitted by EGC prior to the start of the off-site audit and data provided as a result of questions that arose during the audit. The audit was performed by NPCC to demonstrate compliance within the NPCC footprint.

The auditor evaluated EGC's compliance with 15 reliability standards and 32 requirements 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 15 standards and 32 requirements audited for the functions EGC is registered, 14 standards and 31 requirements were judged to be compliant and 1 standard and 1 requirement was judged to be not applicable.

EGC staff provided overviews of each standard, resulting in a more clear understanding of their business model and accelerated the audit process. The evidence provided to demonstrate compliance was well presented and well organized. The audit team would like to thank the EGC staff for their support offered throughout the audit.

This audit report depicts all activities performed by the audit team during the audit. Some information discussed during the course of the audit is non-public. Any non-public information included in this report is listed in the Findings section, specifically in the Auditors Notes Summary in the table. This portion of the table will be redacted from the public posting version of this report.

## 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:

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Independently review Exelon Generating Company, LLC compliance with the requirements of the reliability standards that are applicable to EGC based on the EGC registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 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 Exelon Generating Company, LLC Compliance culture.

### **Scope**

The audit included all standards identified in the May 15, 2009 audit letter. The audit was a regularly scheduled audit and no self reported violations or compliance investigations were involved in the audit. The audit was performed by NPCC to demonstrate compliance within the NPCC footprint.

### **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 with no objections.

### **Off-site Audit**

EGC was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to EGC more than 60 days in advance of the scheduled audit. This was an onsite audit conducted every six years or as determined to be necessary by the region. EGC had not self reported any violations. EGC is registered in NPCC as a PSE, GO, GOP and in SERC, TRE and RFC. as a GO GOP.

In all cases, the auditors requested interviews with EGC employees representing subject matter expertise regarding all of the registered functions of EGC. These interviews resulted in data requests that in conjunction with the submitted evidence would provide the auditor with a basis for professional judgment when validating compliance with reliability standards.

### **Methodology**

The auditors 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 referenced in the RSAW's.

### ***Audit Overview***

The audit overview was provided to EGC via conference call on July 29, 2009, between Garth Arnott of NPCC and David P Belanger of EGC and Chris Scanlon of Exelon Corp. The audit leader member reviewed his career and noted they had signed confidentially agreements. A brief explanation of the audit process was given and the timelines were discussed. EGC was given an opportunity to reject the auditors but accepted the auditors and their credentials for this audit.

### ***Audit***

Garth Arnott as the audit lead performed the audit off site. Prior to calls to EGC, the auditor developed a list of questions for EGC and provided the questions via email. EGC then took the time necessary to develop the answer and submitted them by email to the auditor.

### ***Exit Briefing***

The exit briefing was conducted by conference call on August 5, 2009 between Garth Arnott of NPCC and David P Belanger of EGC and Chris Scanlon of Exelon Corp; NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were, 14 standards and 31 requirements audited for the functions EGC is registered, were found to be compliant, 1 standard and 1 requirement was judged to be non applicable. EGC was given an opportunity to question the audit findings and provide comment on the audit. EGC said they thought the process was very professional and although it had been a beneficial process.

### ***Company Profile***

Exelon, a utility services holding company, operates through its principal subsidiaries – Generation, ComEd and PECO, each of whom is treated as an operating segment by Exelon.

Exelon Generation was formed in 2000 as a Pennsylvania limited liability company and began operations effective January 1, 2001. Generation consists of owned and contracted electric generating facilities (Nuclear and Fossil/Hydroelectric), wholesale energy marketing operations and competitive retail supply operations. The Fossil and Hydroelectric facilities are owned/operated through Exelon Generation Power.

Exelon Generation Co. LLC owns and operates peaking generation assets in three Central and Eastern Massachusetts locations. The sites are as follows, 3 Combustion Turbines located in Medway Ma, Asset ID # 625, 626, and 627

Assets ID #625 and 626 are rated for 53 MW each and are connected to a common GSU to step up from 13.8 kv to 230kv. Asset ID #627 is rated for 53 MW and is connected to a GSU to step up from 13.8kv to 115kv. 3 Combustion Turbines located in Framingham Ma

Asset ID #s 417,418 and 419, all three assets are rated at 16.7 MW each and connect to a distribution bus at 13.8kv. 1 Asset located in Boston MA, Asset # 466

Asset is rated for 18 MW and is connected to a network bus at 13.8 kv.

Transmission resources for all three sites are owned by the TO N-Star

### ***Audit Specifics***

The compliance audit was conducted on July 15 to August 5, 2009 at the auditor's offices.

<b>NPCC Audit Team Role</b>	<b>Name</b>	<b>Title</b>	<b>Company</b>
Regional staff	Sal Buffamante	Manager Compliance	NPCC-Compliance Audit Program
Overall Lead Auditor	Garth Arnott	Contracted Consultant	NPCC-Compliance Audit Program

### **Exelon Generating Company, LLC**

<b>Title</b>	<b>Organization</b>
Sr. Engineer Generation	EGC
Regulatory Compliance Specialist	Exelon Corporation

## **Audit Results**

EGC provided electronic files and emails containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions conference calls were used to request additional documentation until the auditors were convinced that the standards and requirements had been met and EGC had demonstrated compliance.

After reviewing all the data EGC was judged to be compliant with 14 standards and 31 requirements and 1 standard and 1 requirement was judged to be non applicable.

### ***Findings***

The following table details the summarized auditor notes relating to evidence reviewed for compliance with the reliability standards listed in the NERC 2009 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.

This audit report depicts all activities performed by the audit team during the audit. Some information discussed during the course of the audit is non-public. Any non-public information included in this report is listed in the Findings section, specifically in the Auditors Notes Summary in the table. This portion of the table will be redacted from the public posting version of this report.

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
<u>CIP-001-1</u>	R1.	Compliant
<u>CIP-001-1</u>	R2.	Compliant
<u>CIP-001-1</u>	R3.	Compliant
<u>CIP-001-1</u>	R4.	Compliant
<u>COM-002-2</u>	R1.	Compliant
<u>FAC-008-1</u>	R1.	Compliant
<u>FAC-008-1</u>	R2.	Compliant
<u>FAC-008-1</u>	R3.	Compliant
<u>FAC-009-1</u>	R1.	Compliant
<u>FAC-009-1</u>	R2.	Compliant
<u>IRO-001-1</u>	R8.	Compliant
<u>IRO-004-1</u>	R4.	Compliant
<u>IRO-005-1</u>	R13.	Compliant
<u>PRC-001-1</u>	R1.	Compliant
<u>PRC-001-1</u>	R2.	Compliant
<u>PRC-001-1</u>	R3.	Compliant
<u>PRC-001-1</u>	R5.	Compliant
<u>PRC-004-1</u>	R2.	Compliant
<u>PRC-004-1</u>	R3.	Compliant
<u>PRC-005-1</u>	R1.	Compliant
<u>PRC-005-1</u>	R2.	Compliant
<u>PRC-017-0</u>	R1.	N/A
<u>TOP-001-1</u>	R3.	Compliant
<u>TOP-001-1</u>	R6.	Compliant
<u>TOP-001-1</u>	R7.	Compliant
<u>TOP-002-2</u>	R3.	Compliant
<u>TOP-002-2</u>	R13.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-005-1	R4.	Compliant
VAR-001-1	R5.	Compliant

### ***Compliance Culture***

The audit team reviewed Exelon Generating Company, LLC compliance culture; the regional entity compliance staff may review additional aspects of EGC compliance culture. During all contact, EGC staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability. Exelon has a department at the corporate level with a staff of four that manage compliance across the company. The department has access to the CEO and the board.