



NORTHEAST POWER COORDINATING COUNCIL, INC.
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Compliance Audit Report

Public Version

Mansfield Municipal Electric Department

NCR07135

September 28 to October 6, 2009

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

October 6, 2009

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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.

An off-site compliance audit of Mansfield Municipal Electric Department (Mansfield Municipal), NERC ID #NCR07135 was conducted from September 28 to October 6, 2009. At the time of the audit, Mansfield Municipal was registered for the Distribution Provider (DP) function.

The audit team evaluated Mansfield Municipal for compliance with nine requirements in five NERC Reliability Standards in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed reliability standards identified in the NERC 2009 Implementation Plan for the audit period of the current year and previous from June 18, 2007 unless a different retention period is specified in an individual reliability standard. Mansfield Municipal submitted information and documentation to aid the audit team's evaluation of compliance with requirements and provided a subject matter expert for the standards resulting in a more clear understanding of the Mansfield Municipal business model, which helped accelerate the audit process. When the evidence provided to demonstrate compliance or non-applicability required additional requests for information and evidence, the Mansfield Municipal team responded to these requests in an expeditious manner. The audit was conducted using the data submitted by Mansfield Municipal, as well as telephone and email data exchanges. The audit team reviewed and evaluated all information provided by Mansfield Municipal to assess compliance with the standards applicable to the Distribution Provider (DP).

The Audit Team evaluated Mansfield Municipal on 9 requirements in 5 Reliability Standards. Based on the information and documentation provided by Mansfield Municipal, the audit team found Mansfield Municipal to be compliant with 3 of 9 applicable requirements, and 2 of the 5 applicable NERC Reliability Standards. The audit team determined that 6 requirements and 3 NERC Reliability Standard were not applicable to Mansfield Municipal.

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

All additional information requested was provided promptly and comprehensively. The audit team would like to thank the Mansfield Municipal 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.¹ The audit objectives are to:

- Independently review Mansfield Municipal's compliance with the requirements of the reliability standards that are applicable to Mansfield Municipal based on Mansfield Municipal's registered function.
- 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.
- Validate compliance with applicable Regional Standards from the NPCC 2009 Implementation Plan list of actively monitored standards.
- Observe and document Mansfield Municipal's compliance program and culture.

Scope

The audit included all standards identified in the July 9, 2009 audit letter. The audit was a regularly scheduled audit and no self-reported violations, made pre or post June 18, 2007, mitigation plans, previous audits, or compliance investigations were involved. There

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

were no separate requests made by Compliance Enforcement to the entity to supply information as it pertains to compliance other than for this regularly scheduled audit.

At the time of the audit, Mansfield Municipal was registered for the function DP. The audit team evaluated Mansfield Municipal for compliance during the period of June 18, 2007 to October 6, 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. 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

Mansfield Municipal was provided with a pre-audit request letter identifying the standards and requirements subject to audit for the Distribution Provider (DP) function, which included PRC-004-1 R2, R3; PRC-005-1 R1, R2; PRC-008-0 R1 & R2, PRC-017-0 R1, R2; and TOP-001-1 R4. The audit letter was sent to Mansfield Municipal 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. Mansfield Municipal had no self-reported violations, made pre or post June 18, 2007, no mitigation plans, previous audits or compliance investigations, and there were no requests made to the entity to supply information as it pertains to compliance other than for this audit.

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

Generally accepted government auditing standard 3.31 - Auditors must use professional judgment in planning and performing audits and attestation engagements and in reporting the results.

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 audit worksheets (RSAWs) to evaluate each standard. The RSAWs are used to ensure consistency and to document evidence of compliance, non-compliance or non-applicability with the standards. All relevant documents are considered and to the extent they form a portion of the audit trail are included in the RSAWs.

Audit Overview

The auditor reviewed his career and noted that he had signed a confidentiality agreement. A brief explanation of the audit process was given and the audit timelines were discussed. The auditor stated that the auditors have the ability and authority to expand the audit beyond the initial set of the standards and requirements identified in the audit notification letter should the need arise. The auditors also stated that corroborating evidence from other entities might be required to substantiate Mansfield Municipal's compliance.

Mansfield Municipal was given the opportunity to reject the auditors should they feel that there was a possible conflict of interest, any concerns regarding the auditors' background or if they thought that the auditors would not be impartial. Mansfield Municipal accepted the auditors.

Audit

The auditor performed the audit off-site. The auditor reviewed the information submitted by Mansfield Municipal and then developed a list of questions and requests for further information; the list was then sent to Mansfield Municipal for their review. Mansfield

Municipal then took the time necessary to gather the necessary information and submitted the information back to the auditor via email.

Exit Briefing

The exit briefing was conducted via conference call at 8:30 am on Tuesday, October 6, 2009. The teleconference was between the NPCC auditor and Mansfield Municipal. The NPCC staff reviewed the audit process and summarized the findings of the audit for each standard and requirement. After reviewing all the data, the audit team found Mansfield Municipal to be compliant with 3 of 9 applicable requirements and 2 of 5 applicable NERC Reliability Standards. The audit team determined 6 requirements and 3 NERC Reliability Standard were not applicable to Mansfield Municipal.

Mansfield was presented an opportunity to question the audit findings and provide comments on the audit. The auditor provided some ways to enhance their management of data evidence.

Company Profile

Mansfield Municipal Electric Department is a municipally owned vertically integrated electric utility. The utility has a Board of five which governs the utility. The Board is elected from within the community of Mansfield, Massachusetts. The Manager serves at the pleasure of the Board. All employees report to the Manager. Mansfield Municipal Electric Department has two 115kV connections to National Grid. Mansfield Municipal Electric Department distributes electricity at 13.8 kV. The Department has approximately 74 miles of distribution lines at 13.8 kV. Geographically, Mansfield Municipal Electric Department serves the community of Mansfield, Massachusetts and its all time system peak load was 55.5 MW in August 2006.

Audit Specifics

The compliance audit was conducted from September 28 to October 6, 2009 at the offices of the NPCC Audit Staff.

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program

Mansfield Municipal

Title	Organization
Manager	Mansfield Municipal

Audit Results

Mansfield Municipal provided data used to demonstrate their compliance or non-applicability with the standards identified in the audit letter from NPCC. When the auditor had additional questions, emails were used to request additional documentation.

The audit team prepared reliability standards audit worksheets (RSAWs) to evaluate each standard. The RSAWs are used to ensure consistency and to document evidence of compliance, non-compliance or non-applicability with the standards. All relevant documents are considered and to the extent they form a portion of the audit trail are included in the RSAWs.

After reviewing all the data, the audit team found Mansfield Municipal to be compliant with 3 of 9 applicable requirements and 2 of 5 applicable NERC Reliability Standards. The audit team determined that 6 requirements and 3 NERC Reliability Standard were not applicable to Mansfield Municipal.

Findings Table

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	Not Applicable
PRC-004-1	R3	Not Applicable
PRC-005-1	R1	Not Applicable
PRC-005-1	R2	Not Applicable
PRC-008-0	R1	Compliant
PRC-008-0	R2	Compliant
PRC-017-0	R1	Not Applicable
PRC-017-0	R2	Not Applicable
TOP-001-1	R4	Compliant

Compliance Culture

The audit team reviewed the Mansfield Municipal's compliance culture. During all contacts, the Mansfield Municipal's representatives were very professional and positive in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability. All additional information requested was provided promptly and comprehensively.

Mansfield Municipal Electric Department is registered as a Distribution Provider in the ERO program and is conducting activities necessary to meet all reliability requirements. The Manager, who oversees the compliance program, reports directly to the Board of Directors. The Manager/Compliance Manager directs the compliance activities through the utility's lead Engineer. The lead Engineer has routinely attended the NPCC compliance workshops. In addition, the utility uses the services of the consulting firm of Utility Services LLC to assist them in meeting the compliance requirements.