



# **Compliance Audit Report Public Version**

**Napoleon Light and Power**  
NERC ID# NCR10035

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

**Date of Audit: October 18, November 4, 2010**

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## Executive Summary

A compliance audit of Napoleon Light and Power (Napoleon), NERC ID # - NCR10035 was conducted from October 18, November 4, 2010. At the time of the audit, Napoleon was registered for the Distribution Provider (DP) function.

The audit team evaluated Napoleon for compliance with fourteen (14) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). Napoleon Light and Power registered with NERC on August 23, 2010. The audit team assessed compliance with the NERC Reliability Standards, applicable Regional Reliability Standards, for the period of August 23, 2007 to November 4, 2010. Napoleon submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by Napoleon to assess compliance with standards applicable to Napoleon at this time.

Based on the information and documentation provided by Napoleon, the audit team found Napoleon to be compliant with two (2) applicable requirements. The audit team determined that twelve (12) requirements were not applicable to Napoleon. The Audit Team did not identify any violations as a result of this review. There were not any ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

The Reliability*First* audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).\*

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\* This statement replaces the Regional Entity Self-Certification process.

## **Audit Process**

The compliance audit process steps are detailed in the Reliability*First* CMEP. The Reliability*First* 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 an audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.<sup>†</sup> The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to Napoleon, based on the functions that Napoleon is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2010 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by Reliability*First*;
- Validate compliance with applicable regional standards from the Reliability*First* 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document Napoleon's compliance program and culture;
- Review the status of mitigation plans.

### ***Scope***

The scope of the compliance audit included the NERC Reliability Standards from the Reliability*First* 2010 Implementation Plan. In addition, this audit included a review of mitigation plans or remedial action directives which have been completed or pending in the year of the compliance audit.

At the time of the audit, Napoleon was registered for the function of Distribution Provider (DP). The audit team evaluated Napoleon for compliance during the period of August 23, 2007 to November 4, 2010.

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

Confidentiality and conflict of interest of the audit team are governed under the Reliability*First* Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. Napoleon was informed of Reliability*First*'s obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to Napoleon. Napoleon was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. Napoleon had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member

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

participants without objection. There have been no denials of or access limitations placed upon this audit team by Napoleon.

### ***Methodology***

The audit team reviewed the information, data, and evidence submitted by Napoleon and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data was due forty (40) days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. After that date, only data or information which was relevant to the content of the report or its finding can be submitted upon agreement by the audit team lead.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

The audit team evaluated all evidence of compliance for sufficiency and appropriateness, according to the Generally Accepted Government Auditing Standards.

The audit team reviewed documentation provided by Napoleon. Data, information and evidence submitted in the form of policies, procedures, e-mails, logs, studies, data sheets, etc. which were validated, substantiated and cross-checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electric System (BES).

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All finding were developed based upon the consensus of the audit team.

### ***Company Profile***

Napoleon Light and Power is a Municipal Distribution Provider for the City of Napoleon, Ohio and is a member of American Municipal Energy (formerly AMP Ohio) from which it purchases its energy. Napoleon owns no BES transmission facilities and has one interconnection with FirstEnergy at 138 kV which steps down to 69 kV.

Napoleon is summer-peaking and has a system peak of 32.5 MW (7/23/2010). The current RC and BA for Napoleon is the Midwest ISO. ATSI is the TOP.

Napoleon has four 69-kV substations with only on tie to 138 kV. The 138 kV substation high side is owned by ATSI.

***Audit Participants***

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

**Audit Team Participants**

<b>Audit Team Role</b>	<b>Title</b>	<b>Entity</b>
Audit Team Lead	Consultant	RNJ-Energy
Team Member	Compliance Specialist	ReliabilityFirst

**Napoleon Audit Participants**

<b>Title</b>	<b>Entity</b>
Electric Superintendent	Napoleon Light and Power

**Audit Results**

The audit team evaluated Napoleon for compliance with fourteen (14) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of August 23, 2007 to November 4, 2010. Napoleon submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by Napoleon to assess compliance with standards applicable to Napoleon at this time.

Based on the information and documentation provided by Napoleon, the audit team found Napoleon to be compliant with two (2) applicable requirements. The audit team determined that twelve (12) requirements were not applicable to Napoleon. The Audit Team did not identify any violations as a result of this review.

***Findings***

The following table details the findings for compliance for the scope identified for this audit.

<b>Reliability Std</b>	<b>Req.</b>	<b>Finding</b>
FAC-002-0	R1.	Compliant
NUC-001-2	R2.	N/A
NUC-001-2	R3.	N/A
NUC-001-2	R4.	N/A
NUC-001-2	R6.	N/A
NUC-001-2	R7.	N/A
NUC-001-2	R8.	N/A
NUC-001-2	R9.	N/A
PRC-004-1	R1.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A

PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-017-0	R1.	N/A
TOP-001-1	R4.	Compliant

### ***Compliance Culture***

Napoleon does not have a formal compliance program but relies on *ReliabilityFirst* for guidance. Napoleon is a small electric distribution provider and many of the reliability standards are not applicable.

John A. Becker, Electric Superintendent is Napoleon's Compliance Manager who is supervised by the City Manager.

The internal compliance is not managed in a manner that is not independent from departments responsible for performance to the Reliability Standards. Napoleon is a small distribution company and the Electric Superintendent operates and manages the system and the compliance program within the organization.

Usual and customary disciplinary action would prevail according to severity of any compliance violation.