



# **Compliance Audit Report Public Version**

**City of Danville**  
NERC ID# NCR08005

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

**Date of Audit: June 14 - June 15, 2010**

# TABLE OF CONTENTS

Executive Summary .....	1
Audit Process .....	1
<i>Objectives</i> .....	2
<i>Scope</i> .....	2
<i>Confidentiality and Conflict of Interest</i> .....	2
<i>Methodology</i> .....	3
<i>Company Profile</i> .....	3
<i>Audit Participants</i> .....	3
Audit Results.....	4
<i>Findings</i> .....	4
<i>Compliance Culture</i> .....	5

## Executive Summary

A compliance audit of City of Danville (City of Danville), NERC ID # - NCR08005 was conducted from June 14 - June 15, 2010. At the time of the audit, City of Danville was registered for the Distribution Provider (DP) function.

The audit team evaluated City of Danville for compliance with Thirteen (13) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of June 18, 2007 to June 15, 2010. City of Danville submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by City of Danville to assess compliance with standards applicable to City of Danville at this time.

Based on the information and documentation provided by City of Danville, the audit team found City of Danville to be compliant with Seven (7) applicable requirements. The audit team determined that Six (6) requirements were not applicable to City of Danville. The Audit Team did not identify any violations as a result of this review.

Upon further review the audit team discovered the original evaluated 2010 NERC Standards count of Fourteen (14) requirements and Eight (8) applicable requirements was incorrect. The audit team corrected the report to reflect the correct number of standards reviewed to Thirteen (13) and the total number of applicable standards to Seven (7). After further discussion within *ReliabilityFirst* and consultation with other Regional Entities, it has been decided to change the findings on NUC-001-1 from Compliant to Non-Applicable (N/A). This changes the findings reported from seven (7) compliant to two (2) compliant and from six (6) N/A to eleven (11) N/A.

These audit results are listed in the Audit Results Findings section of this report for the NERC Reliability Standards within the scope of the compliance 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 *ReliabilityFirst* CMEP. The *ReliabilityFirst* 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.\* The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to City of Danville, based on the functions that City of Danville 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 ReliabilityFirst;
- Validate compliance with applicable regional standards from the ReliabilityFirst 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document City of Danville'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 ReliabilityFirst 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding 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, City of Danville was registered for the function Distribution Provider (DP). The audit team evaluated City of Danville for compliance during the period of June 18, 2007 to June 15, 2010.

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

Confidentiality and conflict of interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. City of Danville was informed of ReliabilityFirst's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to City of Danville. City of Danville 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. City of Danville had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by City of Danville.

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\* North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

### ***Methodology***

The audit team reviewed the information, data, and evidence submitted by City of Danville 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 City of Danville. 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***

The City of Danville Division of Power & Light has a 500 square mile territory located in South Central Virginia. It is interconnected to American Electric Power (AEP) at two delivery points utilizing a 250 MVA 138kV/69kV autotransformer at each location. The Distribution System is operated at 12.470kV emanating from 17 substations operated at 69kV/12.47kV with 44,579 metered accounts. The 69kV line mileage is 127 miles.

### ***Audit Participants***

The following is a listing of all personnel from the Audit Team and City of Danville 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	Sr. Consultant	ReliabilityFirst
Audit Team Member	Engineer, Compliance	ReliabilityFirst

### City of Danville Audit Participants

Title	Entity
Division Director	City of Danville
Electric Engineer	City of Danville
Department Director/Utilities	City of Danville
Substation Superintendent/Power & Light	City of Danville

### Audit Results

The audit team evaluated City of Danville for compliance with Thirteen (13) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of June 18, 2007 to June 15, 2010. City of Danville submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by City of Danville to assess compliance with standards applicable to City of Danville at this time.

Based on the information and documentation provided by City of Danville, the audit team found City of Danville to be compliant with Seven (7) applicable requirements. The audit team determined that Six (6) requirements were not applicable to City of Danville. 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.

Reliability Std	Requirement	Finding
FAC-002-0	R1	Compliant
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
PRC-004-1	R1.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-008-1	R1.	N/A
PRC-008-1	R2.	N/A
PRC-017-0	R1.	N/A
TOP-001-1	R4.	Compliant

### ***Compliance Culture***

City of Danville's compliance culture was reviewed by the audit team.

The City of Danville Division of Power & Light does have an internal Compliance Program consisting of the Utilities Department Director, serving as the Compliance Officer, the Division Director serving as the Compliance Manager, an Electrical Engineer serving as an Alternate Compliance Contact and SME, and the Substation Superintendent serving as an alternate Compliance Contact and SME. The City of Danville is a member of American Municipal Power (AMP), Inc. and utilizes AMP's Compliance Department as a source of training and consultation. AMP holds a monthly conference call to discuss compliance responsibilities and activities. AMP Staff provided a mock audit in preparation for the actual NERC audit process. The City of Danville also employs the engineering group Power Services as a Compliance Advisor and Consultant and they have performed a self assessment and audit evaluation. In addition The City of Danville members have participated in American Public Power Association compliance training webinars and Reliability*First* training webinar sessions.

The City of Danville Division of Power & Light Director/Compliance Manager maintains compliance acknowledgements to Reliability*First* through the RFC portal. The Substation Superintendent/Alternate Compliance Contact schedules and performs testing/maintenance procedures and documentation and the Electrical Engineer/Alternate Compliance Contact verifies standard requirements and establishes compliance procedures as required.

The Department Director and Division Director have direct access to the City Manager, Utility Commission, and City Council and are charged with bringing any anomalies in the compliance process to their attention as soon as possible.

The City of Danville is In the process of establishing a Compliance Technician position within its staff.

Additional information pertaining to the compliance culture of City of Danville can found in the Internal Compliance Survey.