

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



NORTHEAST POWER COORDINATING COUNCIL, INC.  
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

# **Compliance Audit Report Public Version**

Northeast Utilities Services Company  
(NU)  
NERC ID# NCR07176

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

**Date of Audit: March 15-19, 2010**

Northeast Utilities Services Company Compliance Audit Report  
April 1, 2010

## TABLE OF CONTENTS

Executive Summary.....	1
Audit Process.....	1
Objectives .....	1
Scope .....	2
Confidentiality and Conflict of Interest .....	2
Methodology .....	2
Company Profile .....	3
Audit Participants.....	3
Audit Results .....	4
Findings .....	5
Compliance Culture.....	8

## Executive Summary

An on-site compliance audit of Northeast Utilities Services Company (NU), NERC ID # NCR07176 was conducted from March 15 to March 19, 2010. At the time of the audit, NU was registered for the TOP, TP, TSP, PSE functions.

The audit team evaluated NU for compliance with twenty-five standards and their one hundred seventy-six requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period from their previous audit date of June 26-27, 2007 to March 19, 2010. NU submitted information and documentation for the audit team's evaluation of compliance with the requirements. The audit team reviewed and evaluated all information provided by NU to assess compliance with standards applicable to NU at this time.

Based on the information and documentation provided by NU, the audit team found NU to be compliant with twenty-five standards and their one hundred seventy-five applicable requirements and sub-requirements. The audit team determined that one requirement was not applicable to NU. The audit team identified zero Possible Alleged Violation(s).

Any Possible Alleged Violations will be processed through the NERC and NPCC CMEP.

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 NPCC CMEP. The NPCC 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 NU, based on the functions that NU is registered to perform;

---

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

- Validate compliance with applicable reliability standards from the NERC 2010 Implementation Plan list of actively monitored standards and additional NERC Reliability Standards selected by NPCC;
- Validate compliance with applicable regional standards from the NPCC 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document NU's compliance program and culture;
- Review the status of mitigation plans.

### ***Scope***

The scope of this on-site compliance audit included the NERC Reliability Standards from the NPCC 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, NU was registered for the functions TOP, TP, TSP, and PSE. The audit team evaluated NU for compliance during the period from June 27, 2007 to March 19, 2010.

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

Confidentiality and conflict of interest of the audit team are governed under the NPCC Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. NU was informed of NPCC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to NU. NU 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. NU 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 NU.

### ***Methodology***

The audit team reviewed the information, data, and evidence submitted by NU and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to NPCC thirty 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 reviewed documentation provided by NU. 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 findings were developed based upon the consensus of the audit team.

### ***Company Profile***

Northeast Utilities (NU) is the owner of Transmission and Distribution electric systems within the three-state region of Connecticut, New Hampshire and Western Massachusetts. Northeast Utilities is a Fortune 500 energy company, which operates New England's largest energy distribution system, serving more than 2 million electricity and natural gas customers. NU owns and operates one natural gas and three electric utility companies, the Connecticut Light and Power Company (CL&P), Western Massachusetts Electric Company (WMECO) and Public Service Company of New Hampshire (PSNH). Each electric utility owns transmission and distribution facilities in their respective states and PSNH owns and operates regulated electric generating facilities in New Hampshire.

Northeast Utilities Service Company (NUSCO) is a subsidiary of Northeast Utilities that provides services to its operating companies, CL&P, WMECO, and PSNH.

NUSCO's peak loads for 2006 – 2009 are:

2006	8,073 MW	8/2/06	HE 1500
2007	7,528 MW	6/27/07	HE 1500
2008	7,723 MW	7/10/08	HE 1700
2009	7,130 MW	8/21/09	HE 1500

NUSCO normally peaks in the summer period.

### ***Audit Participants***

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

#### **Audit Team Participants**

<b>Title</b>	<b>Entity</b>
LEAD COMPLIANCE AUDITOR	NPCC
MANAGER - COMPLIANCE AUDITS	NPCC
COMPLIANCE AUDITOR	NPCC

<b>Title</b>	<b>Entity</b>
COMPLIANCE AUDITOR	NPCC
COMPLIANCE AUDITOR	NPCC
COMPLIANCE AUDITOR	NPCC
COMPLIANCE AUDITOR	NPCC

### **NU Audit Participants**

<b>Title</b>	<b>Entity</b>
SENIOR COMPLIANCE SPECIALIST	NUSCO
TRANSMISSION PLANNING SENIOR ENGINEER	NUSCO
VICE PRESIDENT-UTILITY SERVICES	NUSCO
MANAGER-CONVEX OPERATIONS	NUSCO
SUPERVISOR-NU OUTAGE AND OPERATIONAL PLANNING	NUSCO
MANAGER-PROTECTION & CONTROLS ENGINEERING	NUSCO
MANAGER-CONVEX SYSTEMS & OPERATIONAL PLANNING	NUSCO
SHIFT MANAGER - CONVEX	NUSCO
SYSTEM OPERATIONS SUPERVISOR	NUSCO
SENIOR ADMINISTRATOR-CONVEX SYSTEM PRACTICES & TRNG	NUSCO
SENIOR SYSTEM OPERATIONS SUPERVISOR	NUSCO
IT TECHNOLOGY MANAGER-LEVEL 3	NUSCO
MANAGER-TRANSMISSION INTERCONNECTIONS & SERVICES	NUSCO
TRANSMISSION OPERATIONAL PLANNING ENGINEER	NUSCO
CHIEF OF SHIFT	NUSCO
MANAGER-TRANSMISSION SYSTEM PLANNING & STRATEGY	NUSCO
SYSTEM OPERATIONS SUPERVISOR	NUSCO
MANAGER-WHOLESALE POWER	NUSCO
MANAGER, RELIABILITY COMPLIANCE	NUSCO

### **Audit Results**

The audit team evaluated NU for compliance with twenty-five standards and their one hundred seventy-six requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period from June 27, 2007 to March 19, 2010. NU submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by NU to assess compliance with standards applicable to NU at this time.

Based on the information and documentation provided by NU, the audit team found NU to be compliant with twenty-five standards and their one hundred seventy-five applicable requirements and sub-requirements. The audit team determined that one requirement was not applicable to NU. The audit team identified zero Possible Alleged Violation(s).

***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>
COM-001-1.1	R1.	Compliant
COM-001-1.1	R1.1.	Compliant
COM-001-1.1	R1.2.	Compliant
COM-001-1.1	R1.3.	Compliant
COM-001-1.1	R1.4.	Compliant
COM-001-1.1	R5.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R1.1.	Compliant
COM-002-2	R2.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
EOP-003-1	R1.	Compliant
EOP-003-1	R2.	Compliant
EOP-003-1	R3.	Compliant
EOP-003-1	R4.	Compliant
EOP-003-1	R5.	Compliant
EOP-003-1	R6.	Compliant
EOP-003-1	R7.	Compliant
EOP-003-1	R8.	Compliant
EOP-005-1	R1.	Compliant
EOP-005-1	R2.	Compliant
EOP-005-1	R3.	Compliant
EOP-005-1	R4.	Compliant
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R9.	Compliant
EOP-005-1	R11.	Compliant
EOP-005-1	R11.2.	Compliant
EOP-005-1	R11.4.	Compliant
EOP-005-1	R11.5.1.	Compliant
EOP-005-1	R11.5.2.	Compliant
EOP-005-1	R11.5.4.	Compliant
EOP-008-0	R1.	Compliant
EOP-008-0	R1.1.	Compliant
EOP-008-0	R1.2.	Compliant
EOP-008-0	R1.3.	Compliant
EOP-008-0	R1.4.	Compliant
EOP-008-0	R1.5.	Compliant

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

EOP-008-0	R1.6.	Compliant
EOP-008-0	R1.7.	Compliant
EOP-008-0	R1.8	Compliant
FAC-014-2	R5.	Compliant
IRO-001-1.1	R8.	Compliant
IRO-004-1	R3.	Compliant
IRO-004-1	R4.	Compliant
IRO-004-1	R7.	Compliant
IRO-005-2	R8.	Compliant
IRO-005-2	R12.	Compliant
IRO-005-2	R13.	Compliant
IRO-005-2	R14	Compliant
PER-001-0	R1.	Compliant
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R2.1.	Compliant
PER-002-0	R2.2.	Compliant
PER-002-0	R3.	Compliant
PER-002-0	R3.1.	Compliant
PER-002-0	R3.2.	Compliant
PER-002-0	R3.3.	Compliant
PER-002-0	R3.4.	Compliant
PER-002-0	R4.	Compliant
PER-003-0	R1.	Compliant
PER-003-0	R1.1.	Compliant
PER-003-0	R1.2.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R2.2.	Compliant
PRC-001-1	R3.2.	Compliant
PRC-001-1	R4.	Compliant
PRC-001-1	R5.	Compliant
PRC-001-1	R5.2.	Compliant
PRC-001-1	R6.	Compliant
TOP-001-1	R1.	Compliant
TOP-001-1	R2.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R5.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R7.1.	Compliant
TOP-001-1	R7.2.	Compliant
TOP-001-1	R7.3.	Compliant
TOP-001-1	R8.	Compliant
TOP-002-2	R1.	Compliant
TOP-002-2	R2.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
TOP-002-2	R5.	Compliant
TOP-002-2	R6.	Compliant
TOP-002-2	R11.	Compliant
TOP-002-2	R16.	Compliant
TOP-002-2	R16.1.	Compliant

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

TOP-002-2	R16.2.	Compliant
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant
TOP-003-0	R1	Compliant
TOP-003-0	R1.1.	Compliant
TOP-003-0	R1.2.	Compliant
TOP-003-0	R1.3	Compliant
TOP-003-0	R2	Compliant
TOP-003-0	R3	Compliant
TOP-004-2	R1.	Compliant
TOP-004-2	R2.	Compliant
TOP-004-2	R4.	Compliant
TOP-004-2	R5.	Compliant
TOP-006-1	R2.	Compliant
TOP-006-1	R6.	Compliant
TOP-006-1	R7.	Compliant
TOP-007-0	R1.	Compliant
TOP-007-0	R2.	Compliant
TOP-007-0	R3.	Compliant
TOP-008-1	R1.	Compliant
TOP-008-1	R2.	Compliant
TOP-008-1	R3.	Compliant
TPL-001-0.1	R1.	Compliant
TPL-001-0.1	R1.1.	Compliant
TPL-001-0.1	R1.2.	Compliant
TPL-001-0.1	R1.3.	Compliant
TPL-001-0.1	R1.3.1.	Compliant
TPL-001-0.1	R1.3.2.	Compliant
TPL-001-0.1	R1.3.3.	Compliant
TPL-001-0.1	R1.3.4.	Compliant
TPL-001-0.1	R1.3.5.	Compliant
TPL-001-0.1	R1.3.6.	Compliant
TPL-001-0.1	R1.3.7.	Compliant
TPL-001-0.1	R1.3.8.	Compliant
TPL-001-0.1	R1.3.9.	Compliant
TPL-001-0.1	R1.4.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R1.1.	Compliant
TPL-002-0	R1.2.	Compliant
TPL-002-0	R1.3.	Compliant
TPL-002-0	R1.3.1.	Compliant
TPL-002-0	R1.3.2.	Compliant
TPL-002-0	R1.3.3.	Compliant
TPL-002-0	R1.3.4.	Compliant
TPL-002-0	R1.3.5.	Compliant
TPL-002-0	R1.3.6.	Compliant
TPL-002-0	R1.3.7.	Compliant
TPL-002-0	R1.3.8.	Compliant
TPL-002-0	R1.3.9.	Compliant
TPL-002-0	R1.3.10.	Compliant
TPL-002-0	R1.3.11.	Compliant
TPL-002-0	R1.3.12.	Compliant

TPL-002-0	R1.4.	Compliant
TPL-002-0	R1.5.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R1.1.	Compliant
TPL-003-0	R1.2.	Compliant
TPL-003-0	R1.3.	Compliant
TPL-003-0	R1.3.1.	Compliant
TPL-003-0	R1.3.2.	Compliant
TPL-003-0	R1.3.3.	Compliant
TPL-003-0	R1.3.4.	Compliant
TPL-003-0	R1.3.5.	Compliant
TPL-003-0	R1.3.6.	Compliant
TPL-003-0	R1.3.7.	Compliant
TPL-003-0	R1.3.8.	Compliant
TPL-003-0	R1.3.9.	Compliant
TPL-003-0	R1.3.10.	Compliant
TPL-003-0	R1.3.11.	Compliant
TPL-003-0	R1.3.12.	Compliant
TPL-003-0	R1.4.	Compliant
TPL-003-0	R1.5.	Compliant
VAR-001-1	R1.	Compliant
VAR-001-1	R2.	Compliant
VAR-001-1	R5.	Not Applicable
VAR-001-1	R7.	Compliant
VAR-001-1	R8.	Compliant
VAR-001-1	R9.	Compliant
VAR-001-1	R9.1.	Compliant
VAR-001-1	R10.	Compliant
VAR-001-1	R12.	Compliant

***Compliance Culture***

NU’s compliance culture was reviewed by the audit team. The corporate Compliance and Ethics Committee (C&EC) is responsible for overseeing all compliance activities within the NU organization. The C&EC is an executive-level committee chaired by the Secretary Chief Compliance Officer & Deputy General Counsel, which reports to the Northeast Utilities (NU) Board of Trustees.

The Vice President-Transmission Strategy & Operations has overall responsibility within the Northeast Utilities (NU) organization for compliance with NERC standards and is a member of the NU Compliance and Ethics Committee (C&EC). Specifically, the Reliability Compliance department oversees organizational compliance with NERC Standards. The Reliability Compliance department is in the NU Transmission Organization and is composed of a combination of analysts and engineers. In the Lead Auditor’s opinion, NU has created an excellent compliance program to specifically address the reliability standards as they pertain to its registered functions. In addition, all contact with NU was very timely and professional in manner, and their commitment to compliance was evident to the audit team.

Additional information pertaining to the compliance culture of NU can be found in the Internal Compliance Survey.