



## **Compliance Audit Report Public Version**

**Municipal Light and Power - City of  
Anderson**

**NERC ID# NCR00836**

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

**Date of Audit: September 13 - September 27, 2010**

## TABLE OF CONTENTS

Executive Summary .....	1
Audit Process .....	2
<i>Objectives</i> .....	2
<i>Scope</i> .....	2
Confidentiality and Conflict of Interest .....	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 Municipal Light and Power - City of Anderson (AMLP), NERC ID # - NCR00836 was conducted from September 13 - September 27, 2010. At the time of the audit, AMLP was registered for the Distribution Provider (DP) and Load-Serving Entity (LSE) functions. AMLP is registered for the LSE function under JRO00020.

The audit team evaluated AMLP for compliance with twenty-five (25) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team assessed compliance with the NERC Reliability Standards, and applicable Regional Reliability Standards, for the period of June 18, 2007 to September 27, 2010 or per data retention requirements specified in the reliability standards. AMLP submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by AMLP to assess compliance with standards applicable to AMLP at this time.

Based on the information and documentation provided by AMLP, the audit team found AMLP to be compliant with seven (7) applicable requirements. The audit team determined that eighteen (18) requirements were not applicable to AMLP. The Audit Team did not identify any violations as a result of this review. There were not 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 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.<sup>†</sup> The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to AMLP, based on the functions that AMLP 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 AMLP'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 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, AMLP was registered for the Distribution Provider (DP) and Load-Serving Entity (LSE) functions. The audit team evaluated AMLP for compliance during the period of June 18, 2007 to September 27, 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. AMLP was informed of ReliabilityFirst's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to AMLP. AMLP was given an opportunity to object to an audit team member's participation on the basis of a possible

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

conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. AMLP 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 AMLP.

### ***Methodology***

The audit team reviewed the information, data, and evidence submitted by AMLP 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 AMLP. 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***

Municipal Light and Power – City of Anderson is a municipal electric distribution provider located in Madison County, Indiana with transmission interconnections with American Electric Power Company (AEP) and the Indiana Municipal Power Agency (IMPA).

### ***Audit Participants***

The following is a listing of all personnel from the Audit Team and AMLP 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 Corp.
Audit Team Member	Sr. Engineer	ReliabilityFirst Corp.

### AMLP Audit Participants

Title	Entity
Transmission/Distribution Supervisor	Municipal Light and Power - City of Anderson
Vice President/General Manager	Indiana Municipal Power Agency/IMPA Service Corp.
Distribution Engineer	Indiana Municipal Power Agency/IMPA Service Corp.

### Audit Results

The audit team evaluated AMLP for compliance with twenty-five (25) 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 September 27, 2010 or per data retention requirements specified in the reliability standards. AMLP submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by AMLP to assess compliance with standards applicable to AMLP at this time.

Based on the information and documentation provided by AMLP, the audit team found AMLP to be compliant with seven (7) applicable requirements. The audit team determined that eighteen (18) requirements were not applicable to AMLP. The Audit Team did not identify any violations as a result of this review.

### Findings

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

Reliability Std	Req.	Finding
CIP-001-1	R1	Compliant
CIP-001-1	R2	Compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Compliant
EOP-002-2.1	R9	Not Applicable
FAC-002-0	R1	Not Applicable
IRO-001-1.1	R8	Compliant
IRO-004-1	R4	Not Applicable
IRO-005-2	R13	Compliant

NUC-001-2	R2	Not Applicable
NUC-001-2	R3	Not Applicable
NUC-001-2	R4	Not Applicable
NUC-001-2	R6	Not Applicable
NUC-001-2	R7	Not Applicable
NUC-001-2	R8	Not Applicable
NUC-001-2	R9	Not Applicable
PRC-004-1	R1	Not Applicable
PRC-005-1	R1	Not Applicable
PRC-005-1	R2	Not Applicable
PRC-008-0	R1	Not Applicable
PRC-008-0	R2	Not Applicable
PRC-017-0	R1	Not Applicable
TOP-001-1	R4	Compliant
TOP-002-2a	R3	Not Applicable
TOP-002-2a	R18	Not Applicable

### ***Compliance Culture***

AMLP's compliance culture was reviewed by the audit team.

The audit team found AMLP to be cooperative and responsive to all requests for clarification and additional evidence through the entire course of the audit.

AMLP stated in its Pre-Audit Survey that it did not have an internal compliance program in place at the time of the audit. AMLP did state that it had the full support of the management (Mayor and Board of Public Works) of Anderson, which currently approves all compliance materials used by AMLP.

Additional information pertaining to the compliance culture of AMLP can found in the Compliance Pre-Audit Survey.