Compliance Audit Report
Public Version

City of Camden
NERC ID# NCR01195

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

Dates of Audit: June 23-24, 2010

TABLE OF CONTENTS

Executive Summary 2
Audit Process 2
Objectives 2
Scope 3
Confidentiality and Conflict of Interest 3
Methodology 3
Company Profile 4
Audit Participants 4
Audit Results 4
Findings 5
Compliance Culture 6

Executive Summary

An on-site compliance audit of City of Camden (Camden), NERC ID # NCR01195 was conducted from June 23-24, 2010. At the time of the audit, Camden was registered for the Distribution Provider (DP) and Load-Serving Entity (LSE) functions.

The audit team evaluated Camden for compliance with 18 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 through June 23, 2010. The audit team reviewed and evaluated the information provided by Camden to assess compliance with standards applicable to Camden at that time.

The audit team determined that four requirements were not applicable to Camden. The audit team determined that Camden does not own or operate any Special Protection Systems, nor does Camden own any transmission protection systems. Therefore, 3 of the 12 standards previously identified to Camden were not applicable. These standards are: PRC-004-1, PRC-005-1, and PRC-017-0.

The audit team identified four Possible Violations, including:

1. CIP-001-1 – R1 – Sabotage Reporting
2. CIP-001-1 – R2 – Sabotage Reporting
3. PRC-008-0 – R1 – Underfrequency Load Shedding Equipment
4. PRC-008-0 – R2 – Underfrequency Load Shedding Equipment

These audit results are further explained in the Audit Results Findings section of this report, which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. Any Possible Violations will be processed through the NERC and SERC Reliability Corporation (SERC) CMEP.

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

The link to the City of Camden NOP can be viewed here.

Audit Process

The compliance audit process steps are detailed in the SERC CMEP. The SERC 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:

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

- Review compliance with the requirements of reliability standards that are applicable to Camden, based on the functions that Camden 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 SERC;
- Validate compliance with applicable regional standards from the SERC Reliability 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of any self-reported violations and previous self-certifications;
- Observe and document Camden's compliance program and culture;
- Review the status of any mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the SERC 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding mitigation plans, or remedial action directives that were completed or pending in the year of the compliance audit.

At the time of the audit, Camden was registered for the Distribution Provider (DP) and Load-Serving Entity (LSE) functions. The audit team evaluated Camden for compliance with 18 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 through June 23, 2010.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the SERC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. Camden was informed of SERC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to Camden. Camden was given an opportunity to object to an audit team member's participation based on a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. Camden did not submit any objections by the stated 15 day objection due date, and accepted the audit team member participants without objection. There were no denials of or access limitations placed upon this audit team by Camden.

Methodology

The audit team reviewed the information, data, and evidence submitted by Camden and assessed compliance with requirements of the applicable reliability standards. Information and data were sent to SERC 30 days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the last day of the review at the audit site.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit. Data, information, and evidence submitted in the form of policies, procedures, emails, 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 Electrical 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

The City of Camden is located outside Columbia; SC. Camden's electrical system serves approximately 9,380 customer accounts, 8,067 of which are residential and 1,313 of which are commercial/industrial. Their electrical service area includes all areas within the corporate limits and several adjacent and unincorporated areas in Kershaw, Lee, and Sumter Counties.

Camden purchases electrical power from Progress Energy for resale to its customers, which is received by the City at three delivery points. The System is under the control and management of the City Manager, who, in turn, is responsible to the Mayor and the City Council. The day-to-day operations of the System are managed by a Director of Public Works, who reports directly to the City Manager.

Audit Participants

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

Audit Team Participants

Title	Entity
Senior Compliance Auditor, Audit Team Lead	SERC
Registration and Certification Engineer	SERC
Senior Compliance Auditor	SERC

City of Camden Audit Participants

Title	Entity
City Manager	City of Camden
Director of Public Works	City of Camden
Deputy Director of Public Works	City of Camden
Supervisor	City of Camden
Consultant	Southeastern Consulting Engineering

Audit Results

The audit team evaluated Camden for compliance with 18 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 through June 23, 2010. The audit team reviewed and evaluated the information provided by Camden to assess compliance with standards applicable to Camden at this time.

Based on the information and documentation provided by Camden, the audit team found Camden to be compliant with ten of the applicable requirements. The audit team determined that four requirements were not applicable to Camden. The audit team identified four Possible Violations, including:

1. CIP-001-1 – R1 – Sabotage Reporting
2. CIP-001-1 – R2 – Sabotage Reporting
3. PRC-008-0 – R1 – Underfrequency Load Shedding Equipment
4. PRC-008-0 – R2 – Underfrequency Load Shedding Equipment

Findings

The following table details the audit team's findings of compliance for the standard requirements identified as being in scope per the Audit Detail Letter.

Reliability Std	Req.	Finding
CIP-001-1	R1.	Possible Violation
CIP-001-1	R2.	Possible Violation
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002 through CIP-009		Reviewed by a separate Monitoring Process
EOP-002-2.1	R9.	Compliant
FAC-002-0	R1.	Compliant
IRO-001-1.1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-2	R13.	Compliant
PRC-004-1	R1.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-008-0	R1.	Possible Violation
PRC-008-0	R2.	Possible Violation
PRC-017-0	R1.	N/A
TOP-001-1	R4.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant

Compliance Culture

The audit team assessed City of Camden Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included City of Camden's Compliance Pre-Audit Survey, interviews with City of Camden staff, and observation of staff responses in preparation for and during the audit.

Four factors that characterize a vigorous and effective compliance program are: active engagement and leadership by a company's senior management; preventive measures appropriate to the individual circumstances of the company; promptly detecting, stopping, and reporting a violation; and, ultimately fixing the problem and working to avoid future possible violations.

SERC recognizes that there is not one standard formula for an effective compliance program, and that there will be variations in each company's program and culture based on countless factors, including the size and age of the company, as well as the nature and extent of its business. Ultimately, what matters are the results, and whether the compliance program worked as it should.

The audit team determined that City of Camden's Internal Compliance Program documents, and their staff's demonstrated compliance culture, indicate a need to improve their compliance program.