

Confidential Information (including Privileged and Critical Energy Infrastructure Information)  
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# **Compliance Audit Report Public Version**

**City of Ottawa**  
NERC ID# NCR10227

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Critical Energy Infrastructure Information)  
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**Date of Audit: June 29, 2011**

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## **Executive Summary**

A compliance audit of The City of Ottawa, NERC ID # - NCR10227 was conducted on June 29, 2011. At the time of the audit, The City of Ottawa was registered for the Transmission Owner (TO), Distribution Provider (DP), and Load-Serving Entity (LSE) functions.

The audit team evaluated The City of Ottawa for compliance with 24 requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team assessed compliance with the NERC Reliability Standards and applicable Regional Reliability Standards for June 29, 2011. The City of Ottawa 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 The City of Ottawa to assess compliance with standards applicable to The City of Ottawa at this time.

Based on the information and documentation provided by The City of Ottawa, the audit team found The City of Ottawa to have no findings of non-compliance with 16 applicable requirements. The audit team determined that 8 requirements were not applicable to The City of Ottawa. The audit team identified no Possible Violation(s).

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, and Applicable Regional Reliability Standards, within the scope of the compliance audit. Any Possible Violations will be processed through the NERC and Southwest Power Pool Regional Entity (SPP RE) CMEP. There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

The SPP RE 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).\*

## **Audit Process**

The compliance audit process steps are detailed in the SPP RE CMEP. The SPP RE CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

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

### ***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 The City of Ottawa, based on the functions that The City of Ottawa is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2011 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by SPP RE;
- Validate compliance with applicable regional standards from the SPP RE 2011 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document The City of Ottawa's compliance program and culture; and
- Review the status of mitigation plans.

### ***Scope***

The scope of the compliance audit included the NERC Reliability Standards from the SPP RE 2011 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, The City of Ottawa was registered for the functions of Transmission Owner (TO), Distribution Provider (DP), and Load Serving Entity (LSE) functions. The audit team evaluated The City of Ottawa for compliance on June 29, 2011. Based upon the City of Ottawa's registration, the function of Transmission Owner was evaluated from March 3, 2008 through June 29, 2011 and the function of Distribution Provider and Load-Serving Entity was evaluated from April 5, 2010 through June 29, 2011.

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

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

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

Ottawa 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 The City of Ottawa.

### ***Methodology***

The audit team reviewed the information, data, and evidence submitted by The City of Ottawa and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to SPP RE 30 days before the scheduled date of the entity review. The audit team reviewed the evidence two weeks prior to the audit interview and developed interview questions and developed additional evidence requests. 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 The City of Ottawa. Data, information and evidence submitted in the form of policies, procedures, e-mails, logs, studies, data sheets, etc. were validated, substantiated and cross-checked for accuracy as appropriate. Documentation of programs was reviewed to ensure the programs covered the audit period. 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) and followed the NERC Sampling Methodology.

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 Ottawa Utility is managed by the Municipal Government for the City. The City of Ottawa Utility consists of 5 Elected Commissioners, the City Manager and the Director of Utilities.

The City of Ottawa has 3 substations. The Southeast substation is connected to Kansas City Power & Light (KCP&L) at 161 kV. The Northeast substation is connected to the Southeast substation at 161kV and via the distribution system. The 2<sup>nd</sup> Street substation is connected to KCP&L at 34.5 kV. The City of Ottawa has a summer peak of 39 MW.

Southwest Power Pool (SPP), NCR01143 is the Reliability Coordinator (RC) and KCP&L, NCR01107 is the Balancing Authority (BA) and Transmission Operator (TOP) for the City of Ottawa. The Kansas Municipal Energy Agency (KMEA), NCR01110 performs scheduling and other Purchasing-Selling Entity (PSE) functions on behalf of the City of Ottawa.

### ***Audit Participants***

The following is a listing of all personnel from the audit team and the City of Ottawa who were present during the meetings or interviews.

#### **Audit Team Participants**

<b>Role</b>	<b>Title</b>	<b>Entity</b>
Audit Team Lead	Senior Compliance Engineer	SPP RE
Team Member	Lead Compliance Specialist	SPP RE
Team Member	Senior Compliance Engineer	SPP RE
Team Member	SPP RE Consultant	Scott Porteous & Associates Inc.

#### **City of Ottawa Audit Participants**

<b>Title</b>	<b>Entity</b>
City Manager	City of Ottawa
Director of Utilities	City of Ottawa
Asst. Director of Utilities	City of Ottawa
Power Plant Superintendent	City of Ottawa
Electric/Electronic Coordinator	City of Ottawa
Director, Transmission & Security	KMEA

### **Audit Results**

The audit team evaluated the City of Ottawa for compliance with 24 requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for June 29, 2011. The City of Ottawa submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by The City of Ottawa to assess compliance with standards applicable to The City of Ottawa at this time.

Based on the information and documentation provided by The City of Ottawa, the audit team found The City of Ottawa to have no findings of non-compliance with 16 applicable requirements. The audit team determined that 8 requirements were not applicable to The City of Ottawa. The audit team identified no Possible Violation(s).

### ***Findings***

The findings for the scope identified for this audit are outlined below:

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
CIP-001-1	R1	No Finding

CIP-001-1	R2	No Finding
CIP-001-1	R3	No Finding
CIP-001-1	R4	No Finding
FAC-003-1	R1	Not Applicable
FAC-003-1	R2	Not Applicable
FAC-008-1	R1	No Finding
FAC-008-1	R2	No Finding
FAC-009-1	R1	No Finding
FAC-009-1	R2	No Finding
IRO-004-1	R4	No Finding
IRO-005-2	R13	No Finding
MOD-004-1	R3	No Finding
MOD-004-1	R10	Not Applicable
PRC-004-1	R1	No Finding
PRC-005-1	R1	No Finding
PRC-005-1	R2	No Finding
PRC-008-0	R1	Not Applicable
PRC-008-0	R2	Not Applicable
PRC-011-0	R1	Not Applicable
PRC-017-0	R1	Not Applicable
PRC-017-0	R2	Not Applicable
PRC-023-1	R1	Not Applicable
TOP-002-2a	R3	No Finding
TOP-002-2a	R18	No Finding

### ***Compliance Culture***

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

The internal compliance program is managed by the Utility Director and the Assistant Utility Director. Items requiring budgetary consideration are reviewed by the City Manager and approved by the City Commissioners as needed. Asset Security is managed by the Fire Chief and Electric Distribution Superintendent as needed by NERC Alerts or from General Industry news. The Power Plant Superintendent has attended SPP RE workshops and RTO forums to further understand the reliability programs.

The City of Ottawa's responses to prior self-certifications were consistent with evidence presented during the audit.

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

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### **Post Audit Activities**

This report was reviewed and approved by:  
Ronald W. Ciesiel  
Executive Director of Compliance, SPP RE  
August 10, 2011