



MIDWEST RELIABILITY ORGANIZATION

COMPLIANCE AUDIT REPORT

PUBLIC VERSION

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Has Been Removed

Date: January 09, 2012

Alexandria Light and Power (ALP)

316 Fillmore Street
Alexandria, MN 56308
NERC Compliance Registry ID: **NCR00959**





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Executive Summary

Midwest Reliability Organization (MRO)¹ conducted a compliance audit of Alexandria Light & Power (ALP), North American Electric Reliability Corporation (NERC) Compliance Registry Number NCR00959, for the planned audit period of June 18, 2007 to May 06, 2011. Within the scope of the audit, ALP was registered² for the following functions:

Distribution Provider (DP),
Load Serving Entity (LSE), and
Transmission Owner (TO)

ALP Primary Compliance Officer was provided notice of the compliance audit on November 2, 2010, and an initial Request for Information (RFI) was provided to ALP Primary Compliance Contact on February 1, 2011. The compliance audit off-site (documentation review) field work was conducted during the period of April 25, 2011 to April 29, 2011. The compliance audit off-site field work was conducted May 02, 2011 to May 06, 2011.

The audit scope included the applicable Reliability Standards from the 2011 [Compliance Monitoring and Enforcement Program](#) (CMEP). MRO's audit team reviewed the applicable Reliability Standards³ for the period of June 18, 2007 to May 06, 2011.

The MRO audit team determined that Reliability Standard PRC-008, PRC-011, PRC-017, and PRC-023 were not applicable to ALP.

Based upon the scope and conduct of the compliance audit, the audit team did not identify any findings with possible violation(s):

None at the time of the compliance audit, given the scope and conduct of the compliance audit.

These audit results are further explained later in this report. Any possible violations are processed through the CMEP.

¹ MRO is a [Regional Entity](#) in North America operating under authority from regulators in the United States and Canada through a delegation agreement with the [North American Electric Reliability Corporation \(NERC\)](#). In the United States, MRO operates under the authority found in Section 215 of the Federal Power Act, through the Federal Energy Regulatory Commission (FERC or Commission) and through other arrangements in Manitoba and Saskatchewan. The primary focus of MRO is assessing compliance with Reliability Standards on entities that own, operate or use [the Bulk Electric System](#) (BES), performing assessments of the BES, and technical analysis of matters impacting the reliability of the BES in the north central part of North America. For more information on MRO, please refer to www.midwestreliability.org

² Each owner, user, or operator of the BES is listed on a registry which can be found on [NERC's website](#). Entities on the registry are referred to as "Registered Entities".

³ An entire list of Reliability Standards can be found on [NERC's website](#).



MRO staff followed the applicable requirements of the [Rules of Procedure](#) (ROP) and CMEP in the conduct of the compliance audit.

Within the scope of this compliance audit, there were no open, pending, or recently completed mitigation plans reviewed by the audit team. Any open remedies from settlements regarding past Reliability Standards were not included in the scope of the compliance audit as such matters are handled outside the scope of the compliance audit unless specified in the audit scope.

Registered Entity Profile

Alexandria Light & Power (ALP), headquartered in Alexandria, Minnesota, is a city-owned electric utility that is regulated by a Board of Directors appointed by the Alexandria City Council.

ALP provides electric service to an area of approximately 35 square miles serving over 9,400 residential, commercial and industrial electric customers in the greater Alexandria area and the City of Nelson. ALP's substation, transmission and distribution systems have all recently been upgraded to meet the needs of the community and provide reliable power into the future.

ALP has four distribution substations with a total MVA rating of 92.4. ALP has 3.7 miles of 115kV transmission lines and is interconnected to Missouri River Energy Services (MRES) in 4 places. ALP receives transmission delivery at 115kV with a distribution voltage of 13.2kV. ALP is summer peaking with an all time peak of 55.7 MW in July 2007. ALP has 9 MW of diesel generation, 8 MW of which is dual fuel (Natural Gas/Fuel Oil) with 1 MW that is strictly fuel oil based.

ALP has full requirement power supply contracts with Western Area Power Administration (WAPA) and Missouri River Energy Services (MRES). ALP has a delegation agreement with MRES, which defines and transfers the compliance responsibilities to MRES for certain reliability standards and related requirements. Otter Tail Power Company is ALP's Balancing Authority (BA) and Transmission Operator (TO). ALP does not own or operate any IPP generators in their service territory. Additionally, ALP does not wholly or jointly own any generating units that are physically located in another balancing area footprint.

For more information on Alexandria Light & Power, please refer to their website at:
<http://www.alputilities.com>



Audit Scope

MRO performed the compliance audit according to the planned scope and timing previously communicated to ALP and included the Reliability Standards from [MRO's Implementation Plan](#) for an audit period of June 18, 2007 to May 06, 2011. Also included in the audit scope were any applicable self-reports, self-certifications, or remedial action directives which were completed or pending during the compliance audit period.

ALP is registered for the following functions:

Distribution Provider (DP),
Load Serving Entity (LSE), and
Transmission Owner (TO)

The following Reliability Standards were included in the scope of the compliance audit:

<u>Standard(s)</u>	<u>Title</u>
CIP-001-1	Sabotage Reporting
FAC-001-0	Facility Connection Requirements
FAC-003-0	Transmission Vegetation Management Program
FAC-008-1	Facility Ratings Methodology
FAC-009-1	Establish and Communicate Facility Ratings
IRO-004-1	Reliability Coordination – Operations Planning
IRO-005-1	Reliability Coordination-Current Day Operations
PER-001-1	Operating Personnel Responsibility and Authority
PER-002-0	Operating Personnel Training
PER-003-0	Operating Personnel Credentials
PRC-004-1	Analysis and Mitigation of Transmission and Generation Protection System Misoperations
PRC-005-1	Transmission and Generation Protection System Maintenance and Testing
PRC-008-0	Implementation and Documentation of Under frequency Load Shedding Equipment Maintenance Program
PRC-011-0	UVLS System Maintenance and Testing
PRC-017-0	Special Protection System Maintenance and Testing
PRC-023-0	Transmission Relay Loadability
TOP-002-2	Normal Operations Planning

The MRO audit team determined that the following Reliability Standard(s) or requirement(s) *were not* applicable to ALP during the 2011 compliance audit:

1. PRC-008, The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall have UFLS equipment maintenance and testing program in place. Based upon staff review and assertions by



ALP, ALP does not own any UFLS equipment. Therefore, this Reliability Standard and related requirements are no applicable to ALP.

2. PRC-011, The Transmission Owner and Distribution Provider that owns a UVLS system shall have UVLS equipment maintenance and testing program in place. Based upon staff review and assertions by ALP, ALP does not own any UVLS equipment. Therefore, this Reliability Standard and related requirements are not applicable to ALP.
3. PRC-017, The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall have system maintenance and testing program(s) in place. Based upon staff review and assertions by ALP, ALP does not own any SPS equipment. Therefore, this Reliability Standard and related requirements are not applicable to ALP.
4. PRC-023, The Transmission Owner with load-responsive phase protective system shall not limit transmission loadability; not interfere with system operators' ability to take remedial action to protect system reliability and; be set to reliably detect all fault conditions and protect the electrical network from these faults. Based upon staff review and assertions by ALP, ALP does not own any transmission lines operated at 200 kV or above, and does not have any transmission lines designated as critical to the reliability of the Bulk Electric System. Therefore, this Reliability Standard and related requirements are not applicable to ALP.

Audit Process

MRO conducts compliance audits in accordance with the current version of the CMEP and ROP (as approved by the Federal Energy Regulatory Commission for entities in the United States or through other arrangements in Manitoba and Saskatchewan), and generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices applicable to the conduct of the work. The compliance audit process steps can be found in the NERC CMEP.

Compliance audits are conducted to obtain reasonable assurance of compliance with the applicable Reliability Standards. The compliance audit includes data requests, tests of compliance records or other related records, and other procedures considered necessary to provide reasonable assurance of any findings or conclusions. Audit procedures include tests of documentary evidence supporting compliance, tests of the assertions made regarding compliance, and direct confirmations of actions taken as part of compliance with the Reliability Standards.

If a finding is made of a possible violation, the matter is turned over to MRO enforcement staff for processing according to the CMEP. Upon validation by enforcement staff, ALP will be provided a written notice of the alleged violation within a reasonable timeframe that shall include the due process protections under the CMEP upon finalization of the audit report.



ALP is responsible for maintaining an adequate internal compliance program to protect the reliability of the Bulk Electric System (BES). The internal compliance program should be designed to ensure compliance with Reliability Standards and that the necessary corrective actions are taken to assure compliance with Reliability Standards on an on-going basis. ALP is responsible for the design and implementation of programs and compliance controls to prevent and detect violations of Reliability Standards, and for informing MRO about all known or suspected applicable violations according to the CMEP and Rules of Procedure. ALP is responsible for ensuring that a risk-based, technically sufficient assessment methodology is applied to protect its critical assets⁴.

Objectives

Entities that own, operate, or use the bulk electric system in the United States are subject to compliance audits for applicable Reliability Standards based upon the functions performed within the scope of the compliance audit. The primary audit objectives are to:

1. Provide a reasonable basis for a determination of any findings of possible violations with Reliability Standards, including review of past self-certifications and any open mitigation plans related to applicable to Reliability Standards (refer to “Audit Scope”); and
2. Evaluate internal compliance program and controls applicable to Reliability Standards within the scope of the compliance audit.

Methodology

The audit team reviewed the information, data, and evidence submitted by ALP and assessed compliance with requirements of the applicable Reliability Standards. Submittal of information and data was provided to MRO before the scheduled date of the entity review, or within the submittal parameters as described in subsequent RFIs.

Based upon the evaluation of initial information provided to the audit team, supplemental RFIs were requested and clarifications were sought from subject matter experts or through other means during the audit.

MRO staff was provided the necessary information and adequate access to subject matter experts without unreasonable restrictions.

The audit team reviewed documentation and evidence provided by ALP in the form of on-site facilities visits, policies, procedures, emails, logs, studies, data sheets, and other relevant information. Requirements which called for a sampling to be conducted were developed based upon the significance to the reliability of the bulk electric system (BES). MRO audit staff obtained sufficient, appropriate evidence to provide a reasonable basis for any findings and conclusions.

⁴ A compliance audit report for applicable Critical Infrastructure Protection (CIP) Reliability Standards is separate from this audit report.



The audit report is subject to review by MRO executive staff and any findings are subject to a second, independent review by MRO enforcement staff which is not part of this report. If there are findings as a result of the compliance audit, enforcement staff from MRO will contact ALP.

Conflict of Interest and Confidentiality Rules

Confidentiality and Conflict of Interest of MRO audit staff are governed under the MRO Regional Delegation Agreement with NERC; Section 1500 of the NERC ROP; MRO Policy and Procedure 5: Confidentiality; MRO Policy and Procedure 2: Conflict of Interest; and the MRO employee handbook. ALP was informed of MRO's obligations and responsibilities under the Regional Delegation Agreement and NERC ROP and was provided with a list of MRO audit staff and corresponding work histories. There have been no denials of or access limitations placed upon this audit team, and no objections to MRO staff assignments on the compliance audit.

Audit Results

Based upon the scope and conduct of the compliance audit, the audit team did not identify any findings with possible violation(s):

None at the time of the compliance audit, given the scope and conduct of the compliance audit.

Internal Compliance Program and Controls

Within the scope of the compliance audit, ALP compliance program and related controls applicable to the Reliability Standards were reviewed during the audit. For enforcement purposes, internal compliance program and other pertinent information are reviewed by the MRO enforcement staff and may be considered during any enforcement proceedings resulting from a finding of a possible violation as a result of the compliance audit.

MRO Contact Information

Any questions regarding this compliance audit report can be directed to:

Midwest Reliability Organization

Attn: Vice President Compliance
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Roseville, MN 55113
(651) 855-1714

On behalf of MRO, this audit report was prepared and reviewed by:



Audit Manager	Signature	Date
William S. Smith	<i>William S. Smith</i>	5/09/2011
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