



MIDWEST RELIABILITY ORGANIZATION

COMPLIANCE AUDIT REPORT

PUBLIC VERSION

Confidential Information
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Infrastructure Information)
Has Been Removed

Date: January 9, 2012

Marshfield Utilities

2000 S Central Ave
Marshfield, WI 54449
NERC Compliance Registry ID: NCR01007





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Executive Summary

Midwest Reliability Organization (MRO)¹ conducted a compliance audit of Marshfield Utilities (MU), North American Electric Reliability Corporation (NERC) Compliance Registry Number NCR01007, for the planned audit period of June 18, 2007 through June 8, 2011. Within the scope of the audit, MU was registered² for the following functions:

- Distribution Provider (DP),
- Generator Operator (GOP),
- Generator Owner (GO),
- Load-Serving Entity (LSE),
- Transmission Owner (TO)

MU Primary Compliance Officer was provided notice of the compliance audit on March 4, 2011, and an initial Request for Information (RFI) was provided to MU Primary Compliance Contact on March 4, 2011. The compliance audit off-site field work (document review) was conducted during the period of May 31 – June 6, 2011. The compliance audit off-site field work was conducted June 7 – June 8, 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 through June 8, 2011.

The audit team evaluated eighteen requirements (18) in the CMEP. Based on the information and documentation provided by MU, the audit team had no findings with the eighteen (18) applicable requirements.

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

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

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](#).

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 unless specified in the audit scope.

Registered Entity Profile

Marshfield Electric and Water Department dba Marshfield Utilities (MU) is a publicly owned utility supplying energy, generation and distribution services to meet the requirements of its 13,100 electric customers. MU is owned by the City of Marshfield, Wisconsin and is governed by a five member Marshfield Utilities Commission.

The MU headquarters is located in the City of Marshfield which is in the central portion of Wisconsin. MU's service territory covers a total area of approximately 125 square miles, which includes all or part of twelve area townships located in Marathon, Wood, and Clark Counties.

MU has a summer peaking load of 78.1 Megawatts (MW). The system peaking load was determined in 2006 and is 78.1 MW. MU has three voltage levels on its system. The three voltage levels are 13.2 kV Distribution, 24.9 kV Distribution, and 13.8 kV Generation. MU has a total of four interconnection points with Wisconsin Public Service Corporation (WPS). The four interconnection points are three at 115 kV and one at 13.8 kV. Finally, MU has a combustine turbine peaking plant generator, M-1 Combustion Turbine (CT) Generator. Total capacity of the MU M-1 CT Generator is 55/60 MW. The primary fuel used for the M-1 CT Generator is natural gas and the secondary fuel used for the M-1 CT Generator is distillate fuel oil.

<http://www.marshfieldutilities.org/>

Audit Scope

MRO performed the compliance audit according to the planned scope and timing previously communicated to MU, and included the Reliability Standards from [MRO's Implementation Plan](#) for an audit period of June 18, 2007 through June 8, 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.

MU is registered for the following functions:

- Distribution Provider (DP),
- Generator Operator (GOP),
- Generator Owner (GO),
- Load-Serving Entity (LSE),
- Transmission Owner (TO)



Based on the information and documentation provided by MU, the audit team had no findings with the eighteen (18) applicable requirements.

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, MU 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.

MU 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. MU 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. MU is responsible for ensuring that a risk-based, technically sufficient assessment methodology is applied to protect its critical assets.

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 MU 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 MU in the form of 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.

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 MU.

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. MU 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 identified findings of the following 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, MU's 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.


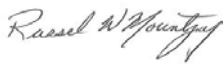
MRO Contact Information

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

Midwest Reliability Organization

Attn: Vice President Compliance
2774 Cleveland Ave North
Roseville, MN 55113
(651) 855-1748

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

Audit Lead	Signature	Date
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Russel Mountjoy		1/09/2012