



Compliance Audit Report Public Version

**City of Jackson, OH
NERC ID# NCR08008**

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

Date of Audit: May 02 - May 13, 2011

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Executive Summary

A compliance audit of City of Jackson, OH (COJ), NERC ID # - NCR08008 was conducted from May 02 - May 13, 2011. At the time of the audit, COJ was registered for the Distribution Provider (DP) function.

The audit team evaluated COJ for compliance with ten (10) requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team assessed compliance with the NERC Reliability Standards for the period of January 01, 2008 to May 13, 2011 or per data retention requirements specified in the reliability standards. COJ submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by COJ to assess compliance with standards applicable to COJ at this time.

Based on the information and documentation provided by COJ, the audit team found COJ to have no findings for three (3) applicable requirements. The audit team determined that seven (7) requirements were not applicable to COJ. The audit team found zero (0) requirements were involved in Open Enforcement Actions. The Audit Team did not identify any Possible Violations as a result of this review. There were no 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).*

Audit Process

The compliance audit process steps are detailed in the Reliability*First* CMEP. The Reliability*First* 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:

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

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

- Review compliance with the requirements of reliability standards that are applicable to COJ, based on the functions that COJ 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 ReliabilityFirst;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document COJ'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 2011 Implementation Plan. In addition, this audit included 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, COJ was registered for the Distribution Provider (DP) function. The audit team evaluated COJ for compliance during the period of January 01, 2008 to May 13, 2011.

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. COJ was informed of ReliabilityFirst's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to COJ. COJ 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. COJ 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 COJ.

Methodology

The audit team reviewed the information, data, and evidence submitted by COJ 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 COJ. 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 findings were developed based upon the consensus of the audit team.

Company Profile

The City of Jackson, OH is a municipal utility owned and operated by the City of Jackson. The City owns a 138/69 kV substation that connects to a 138 kV radial line. This 138 kV radial line is leased from AEP and connects to AEP’s Lick Substation. This is the only interconnection with the AEP transmission system. All other facilities are less than 100 kV. The City of Jackson, OH has a system peak load of 37 MW and typically peaks in the summer. The City of Jackson, OH has an Electric Department that is a department of the City. This Electric Department reports to the Service & Safety Director, who is essentially the Chief Operating Officer of the City. The Service & Safety Director reports to an elected Mayor and City Council. The Electric Department has a Director that reports to the Service & Safety Director. PJM is the City of Jackson’s Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP).

Audit Participants

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

Audit Team Participants

Audit Team Role	Title	Entity
Audit Team Lead	Engineer	ReliabilityFirst
Audit Team Member	Engineer	ReliabilityFirst

COJ Audit Participants

Title	Entity
Consultant	JK Energy Consulting, LLC
Electric Superintendent	City of Jackson
IT Director/ Compliance Contact	City of Jackson

Audit Results

The audit team evaluated COJ for compliance with ten (10) requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of January 01, 2008 to May 13, 2011 or per data retention requirements specified in the reliability standards. COJ submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by COJ to assess compliance with standards applicable to COJ at this time.

Based on the information and documentation provided by COJ, the audit team found COJ to have no findings for three (3) applicable requirements. The audit team determined that seven (7) requirements were not applicable to COJ. The audit team found zero (0) requirements were involved in Open Enforcement Actions. The Audit Team did not identify any Possible Violations as a result of this review.

Findings

The following table details the findings for compliance for the scope identified for this audit:

Reliability Std	Req.	Finding
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
PRC-023-1	R2.	Not Applicable

Compliance Culture

COJ’s compliance culture was reviewed by the audit team.

The COJ’s compliance culture is outlined in a document titled “NERC Reliability Standards Compliance Manual City of Jackson, OH” dated October 1, 2010. The purpose of the document is to detail the culture of compliance by listing the roles and responsibilities of key personnel. Those key personnel are identified as being a Superintendent and a Primary Compliance Contact.

COJ also relies on the services of an outside consultant to provide general oversight and expertise on NERC Reliability Standards, including new standards under development, and modifications to existing standards.

The COJ states in this document that it is a priority to ensure that Jackson, OH complies with the Reliability Standards issued by NERC and that the Superintendent of the City Municipal Electric Department has ultimate responsibility for compliance with the Reliability Standards that are applicable to the city.

Senior management supports COJ by providing sufficient resources, staff, and budget for its internal compliance program. COJ reviews its compliance organization on an annual basis and the consultant provides monthly updates on NERC activities. COJ provides training for staff and a training agenda is located in the Reliability Standards Compliance Manual.

While the audit team performed this audit off-site, the audit team's impression of COJ's culture of compliance is that compliance is a priority. COJ was cooperative during the entire audit and provided organized evidence of compliance while providing clarification when requested by the audit team. COJ staff was available during the audit to discuss any issues with the audit team.

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