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NCR ID:	NCR01023		
Registered Entity Name:	Otter Tail Power Company		
Registered Entity Acronym:	OTP		
Reliability Standards Scope:	Operations & Planning (FERC Order 693) Standards		
Compliance Monitoring Process:	Compliance Audit		
Distribution:	Public Version. Confidential Information Has Been Removed, Including Privileged and Critical Energy Infrastructure Information.		
Regional Entity:	Midwest Reliability Organization (MRO)		
Date of Opening Presentation or fieldwork start date:	January 28, 2019	Date of Closing Presentation:	January 29, 2019
Date of Report:	3/7/2019	IP Year:	2019
Potential Noncompliance:	None (zero)		
Jurisdiction:	United States		



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I. Executive Summary

Midwest Reliability Organization (MRO) conducted an Operations & Planning (FERC Order 693) Standards Compliance Audit of Otter Tail Power Company (OTP), NCR ID NCR01023 from January 28, 2019 to January 29, 2019.

At the time of the Compliance Audit, OTP was registered for the functions of Balancing Authority (BA), Distribution Provider (DP), Generator Operator (GOP), Generator Owner (GO), Resource Planner (RP), Transmission Operator (TOP), Transmission Owner (TO), and Transmission Planner (TP).

OTP was also registered for a Coordinated Functional Registration (CFR), CFR ID: CFR00001 MISO BA, CFR00131 RP, CFR00132 TOP, CFR00133 TP, and CFR00143 TP.

The Reliability Coordinator (RC) and Planning Coordinator (PC) for OTP is MISO.

The Compliance Audit team (team) evaluated OTP for compliance with 35 requirements for the 2019 Electric Reliability Organization (ERO) Enterprise Compliance Monitoring and Enforcement Program (CMEP). The team assessed compliance with the NERC Reliability Standards for the period of January 18, 2016, through October 16, 2018.

OTP submitted evidence for the team's evaluation of compliance with requirements. The team reviewed and evaluated all evidence provided to assess compliance with Reliability Standards applicable to OTP at this time.

Based on the evidence provided, no findings were noted for the Reliability Standards and applicable Requirements in scope for this engagement.



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Table 1: Summary of Compliance Audit Findings					
Reliability Standard Requirement(s)	Registered Function ¹	No Finding	Potential Noncompliance (PNC)	Open Enforcement Action (OEA)	N/A
35	BA, DP, GOP, GO, TOP, TO	35	0	0	0

The Compliance Audit team lead certifies that the team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).²

II. Compliance Audit Process

Objectives

All registered entities are subject to compliance assessments with all Reliability Standards applicable to the functions for which the registered entity is registered³ in the Region performing the assessment. The Compliance Audit objectives are designed to:

- Provide reasonable assurance of compliance to the identified applicable Reliability Standards;
- Review compliance with applicable NERC Reliability Standards identified for 2019 ERO Enterprise CMEP;
- Review evidence of self-reported violations and previous self-certifications; and
- Review OTP’s internal compliance program and controls.

¹ References only the registered functions applicable under the Reliability Standard Requirement(s) in scope for this audit.

²This statement replaces the Regional Entity Self-Certification process.

³[NERC ROP, Appendix 4C, Section 3.1, Compliance Audits.](#)



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Scope

The scope of this Compliance Audit considered the NERC Reliability Standards from 2019 ERO Enterprise CMEP Implementation Plan, Compliance Oversight Plan (COP), and review of internal controls of OTP completed by MRO. In addition, the scope of the Compliance Audit included a review of Mitigation Plans or Remedial Action directives that were open during the Compliance Audit.

The Reliability Standards and Requirements in-scope for this Compliance Audit are illustrated in Table 2: Compliance Audit Scope.

Table 2: Compliance Audit Scope		
Registered Function	Standards	Requirement(s)
BA, TOP	COM-001-3	R9,R10
BA, TOP	COM-002-4	R4,R7
BA, TO, TOP, GO, GOP, DP	EOP-004-3	R2
TOP, GOP, TO, DP	EOP-005-2	R2,R4,R5,R6,R10,R11,R12
TOP, BA	EOP-008-1	R2,R4,R6,R8
BA, TOP, GOP, DP	TOP-001-4	R1,R3,R5,R7,R8,R9,R10,R13,R14,R18,R20,R21
TOP, BA	TOP-010-1(i)	R1,R3,R4
TOP	VAR-001-4.2	R2
GOP, GO	VAR-002-4.1	R1,R3,R4

The team did not expand the scope of the Compliance Audit beyond what was stated in the notification package.

Internal Compliance Program

Within the scope of the Compliance Audit, OTP’s compliance program was reviewed.

Controls

The team reviewed OTP’s related internal controls associated with NERC Reliability Standards in scope.

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Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the team are governed under the Regional Delegation Agreements with NERC, and Section 1500 of the NERC ROP.⁴ OTP was informed of MRO's obligations and responsibilities under the agreement and procedures. The work history for each team member was provided to OTP, which was given an opportunity to object to a team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with a team member's impartial performance of duties. OTP had not submitted any objections by the stated objection due date based on the ROP and accepted the team member participants without objection. There were no denials or access limitations placed upon this team by OTP.

Methodology

The ERO Compliance Monitoring and Enforcement Manual (Manual)⁵ documents the ERO Enterprise's current approaches used to assess a registered entity's compliance with the NERC Reliability Standards. The ERO Enterprise uses, "to the extent possible, the Generally Accepted Auditing Standards (GAAS), the Generally Accepted Government Auditing Standards (GAGAS), and standards sanctioned by the Institute of Internal Auditors, as guidance for performing activities under the Compliance Monitoring and Enforcement Program (CMEP)."⁶ While the ERO Enterprise does not necessarily perform compliance monitoring activities that must be in accordance with these standards recognized in the United States, the ERO Enterprise uses these standards as a framework to conduct compliance monitoring activities under the CMEP, and recognizes that these standards provide information used in oversight, accountability, transparency, and improvements in ERO Enterprise operations.

MRO provided OTP with a Compliance Audit notification package to commence the Compliance Audit. OTP provided evidence at the time requested, or as agreed upon, by MRO. The team reviewed the evidence submitted by OTP and assessed compliance with the requirements of the applicable Reliability Standards. Additional evidence could be submitted until the agreed-upon deadline prior to the exit briefing. After that date, only data or information that was relevant to the content of the report or its findings could be submitted with the agreement of the team lead.

The team reviewed documentation provided by OTP and requested additional evidence and sought clarification from subject matter experts during the Compliance Audit. The evidence submitted in the

⁴ [See NERC ROP](#)

⁵ <http://www.nerc.com/pa/comp/Pages/ERO-Enterprise-Compliance-Auditor-Manual.aspx>

⁶ [NERC ROP, Section 1207 and 126 FERC 61,038, Paragraph 3](#)



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form of policies, procedures, emails, logs, studies, data sheets, etc. was validated, substantiated, and cross-checked for accuracy as appropriate. Where sampling was applicable to a requirement, the sample set was determined by a statistical methodology, along with professional judgment as mentioned in the Manual.

The findings were based on the facts and documentation reviewed, the team's knowledge of the Bulk Electric System (BES), the NERC Reliability Standards, and professional judgment. All findings were developed based upon the consensus of the team.

Company Profile

OTP is an investor-owned electric utility that provides electricity for residential, commercial, and industrial customers in Minnesota, North Dakota, and South Dakota. OTP serves 132,500 customers in 422 communities.

III. Compliance Audit Findings

Based on the results of this Compliance Audit, no findings were noted for the Reliability Standards and applicable Requirements in-scope for this engagement.

IV. Compliance Culture

The team performed an assessment of OTP's compliance culture in conjunction with the Compliance Audit process. The assessment was accomplished through a review of responses to the Internal Compliance Program questionnaire and additional information that was gathered during interviews and observations. This included an assessment of factors that characterize vigorous and effective compliance programs including:

- Active engagement and leadership by senior management;
- Effective, in-practice preventive measures appropriate to the circumstances of the company;
- Prompt detection of problems, cessation of potential non-compliance, and reporting of a violation; and
- Remediation efforts.



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Midwest Reliability Organization (MRO) Contact Information

Any questions regarding this Compliance Audit report can be directed to:

Midwest Reliability Organization
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(651) 855-1703

On behalf of Midwest Reliability Organization (MRO), this report was prepared and reviewed by:

Audit Team Lead	Date
Jess Syring	3/7/2019
Director of Compliance Monitoring	Date
Jeff R. Norman	3/7/2019



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Appendix 1

Compliance Audit Participants

Appendix Table 1: Compliance Audit Team and Appendix Table 2: OTP Participants list all personnel from the team and OTP who were directly involved during the meetings and interviews.

Appendix Table 1: Compliance Audit Team		
Role	Title	Entity
Audit Team Lead	CIP Compliance Engineer	MRO
Team Member	Senior Compliance Auditor	MRO
Team Member	Senior Compliance Auditor	MRO
Team Member	CIP Compliance Engineer	MRO
Team Member	Compliance Engineer	MRO
Observer	Director of Compliance Monitoring	MRO

Appendix Table 2: OTP Participants	
Title	Entity
T&D Studies Engineer	OTP
Senior IT Security Specialist	OTP
Senior Generation Advisor	OTP
Safety Trainer/Security Coordinator	OTP
Regulatory Compliance Specialist	OTP
Senior NERC Advisor	OTP
Operations Coordinator	OTP
Network Engineer	OTP
Supervisor – Power System Operators	OTP
Supervisor - Operations Engineer	OTP
Network Engineer	OTP
Operations Engineer	OTP
Regulatory Filing Coordinator	OTP
Supervisor – Delivery Studies	OTP
Manager – SysOp Support	OTP
Senior Network Engineer	OTP
Manager – Regulatory Proceedings & Compliance	OTP
Senior System Specialist	OTP
System Operator	OTP



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Appendix Table 2: OTP Participants	
Title	Entity
Control Center Specialist	OTP
System Operator	OTP
Supervisor – Network Engineering	OTP
Energy Management Systems Specialist	OTP
Principal Engineer System Protection	OTP
Supervisor – System Specialists	OTP
Regulatory Compliance Specialist	OTP