



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 31, 2009

Ms. Kimberly Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: NERC Notice of Penalty regarding Ashburnham Municipal Light Plant
FERC Docket No. NP09-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Ashburnham Municipal Light Plant (AMLP), NERC Registry ID NCR07010,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

As a result of an off-site Compliance Audit conducted between March 8, 2008 and April 3, 2008, Northeast Power Coordinating Council (NPCC) found AMLP in violation of CIP-001-1, Requirements (R) 1, R2, R3 and R4⁴ for failure to have a written procedure for dealing with possible sabotage events that includes: recognition of sabotage events, communicating information on sabotage events, creating response guidelines for operating personnel and compiling communication contact lists. This Notice of Penalty is being filed with the Commission because, based on information from NPCC, AMLP does not dispute the violations of CIP-001-1 R1, R2, R3 and R4 and the proposed penalty of zero dollars (\$0) to be assessed to AMLP. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers NPCC200800023, NPCC200800024, NPCC200800025 and NPCC200800026 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2008). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A).

² Northeast Power Coordinating Council confirmed that Ashburnham Municipal Light Plant was included on the NERC Compliance Registry as a Distribution Provider and a Load-Serving Entity on June 21, 2007 and was subject to the requirements of NERC Reliability Standard CIP-001-1.

³ See 18 C.F.R. § 39.7(c)(2).

⁴ On April 4, 2008, the Audit Report alleged a violation of EOP-004-1 R3 indicating that a violation may have occurred due to "No reports were filed with appropriate entities for the June 27, 2007 event." Review by NPCC Enforcement Staff determined that the event was not a reportable event as defined by the NERC and Department of Energy (DOE) Reporting Requirements for Major Electric System Emergencies.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on December 4, 2008, by NPCC, and the Supplemental Record Information letter issued by NPCC to AMLP on January 7, 2009. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NPCC	Ashburnham Municipal Light Plant	NOC-132	NPCC200800023	CIP-001-1	1	Medium	0
NPCC	Ashburnham Municipal Light Plant	NOC-132	NPCC200800024	CIP-001-1	2	Medium	
NPCC	Ashburnham Municipal Light Plant	NOC-132	NPCC200800025	CIP-001-1	3	Medium	
NPCC	Ashburnham Municipal Light Plant	NOC-132	NPCC200800026	CIP-001-1	4	Medium	

The purpose of Reliability Standard CIP-001-1 is to ensure that disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies and regulatory bodies. CIP-001-1 Requirements R1-R4 require a Load Serving Entity, such as AMLP, to have procedures for the recognition and reporting of and for making its operating personnel aware of sabotage events on its facilities, and multi-site sabotage affecting larger portions of the Interconnection.

CIP-001-1 R1 requires an entity such as AMLP to have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection. CIP-001-1 R1 has a “Medium” Violation Risk Factor (VRF).

CIP-001-1 R2 requires an entity such as AMLP to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. CIP-001-1 R2 has a “Medium” VRF.

CIP-001-1 R3 requires an entity such as AMLP to provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events. CIP-001-1 R3 has a “Medium” VRF.

CIP-001-1 R4 requires an entity such as AMLP to establish communication contacts, as applicable, with local Federal Bureau of Investigation (FBI) officials or Royal Canadian

Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a “Medium” VRF.

NPCC conducted an off-site compliance audit of AMLP from March 8, 2008 until April 3, 2008, a result of which NPCC found AMLP in violation of Reliability Standard CIP-001-1 R1, R2, R3, and R4 for the period of June 21, 2007 through December 5, 2007. NPCC Compliance Staff reviewed the Auditor’s findings and determined that AMLP was in violation of CIP-001-1 R1, R2, R3 and R4. NPCC found that AMLP did not have a Sabotage Reporting Procedure in place from June 21, 2007, when AMLP was registered on the NERC Compliance Registry, until December 5, 2007, when AMLP mitigated the violation and became compliant with Reliability Standard CIP-001-1. NPCC issued a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS) to AMLP on October 28, 2008, and AMLP responded to the NAVAPS on November 6, 2008. In its response, AMLP did not contest the findings or proposed penalty set forth in the NAVAPS.

AMPL was formally notified of its inclusion on the NERC Compliance Registry on June 21, 2007, but it did not implement a new Sabotage Reporting Procedure at that time. AMLP created a Sabotage Reporting Procedure that was signed into effect on December 5, 2007 and was approved by AMLP’s Board of Trustees on June 18, 2008.⁵ Therefore, AMLP was found by NPCC to be in violation of CIP-001-1 R1-R4 during the period from June 21, 2007 until December 5, 2007.

NPCC determined to exercise discretion for these violations of CIP-001-1 that occurred in 2007, and to assess no penalty because: (1) AMLP is a small Load Serving Entity that serves a peak load of approximately 7 MW and therefore would only minimally impact the bulk power system; (2) AMLP cooperated with NPCC during the investigation; (3) the violations had a minimal impact on the bulk power system; (4) the violations occurred during the transition period in 2007; and (5) AMLP corrected its non-compliance with Reliability Standard in 2007 when the Sabotage procedure was signed into effect.

NPCC Staff also considered the following mitigating factors set forth in Appendix 4B to the NERC Rules of Procedure⁶ (Sanction Guidelines) with respect to the facts and circumstances of

⁵ The Sabotage Reporting Procedure was in effect on December 5, 2007, which was when it was completed, signed and implemented by the Manager of Municipal Lighting. The Manager of Municipal Lighting has stated “ [t]he [AMLP Board of] commissioners did not vote on the policy until a later date but when they vote [it] has no relevance as [to] when the policy is in effect, because under MA G/L 164 Sec. 56 it states: *The Manager of Municipal Lighting under the direction and control of the Commission has full charge over the operation and management of the plant, the manufacture and distribution of gas and electricity, the purchase of supplies, the employment of attorneys and of agents and servants, the method, time price quality and quality of supply, the collection of bills, and the keeping of accounts.*” As such, the Manager of Municipal Lighting was directed by the AMLP Board of Commissioners to take the necessary actions to become compliant, which the Manager did on December 5, 2007.

⁶ Section 4.2.2 of the NERC Sanction Guidelines provides that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems

the referenced violation: (1) AMLP is a small Load Serving Entity that serves a peak load of approximately 7 MW; (2) AMLP corrected its non-compliance with Reliability Standard CIP-001-1 in 2007; (3) AMLP worked cooperatively with NPCC auditors as noted in the Audit Report; (4) AMLP worked cooperatively during NPCC's Enforcement and Mitigation staff's investigation of this violation; and (5) there were no repetitive violations, no negative relevant compliance history, no applicable compliance directives, no evidence of any attempt by AMLP to conceal the violations, or that the violations were intentional.

Status of Mitigation Plan⁷

AMLP's Mitigation Plan to address the referenced violations was submitted to NPCC on June 9, 2008, accepted by NPCC on June 20, 2008, and approved by NERC on July 11, 2008. The Mitigation Plan for the CIP-001-1 R1-R4 violations is designated as MIT-08-0598 and was submitted to FERC as non-public information on July 11, 2008, in accordance with FERC orders. Upon submission of its Mitigation Plan to NPCC, AMLP confirmed that its policy governing Sabotage Reporting was not written and approved in a timely manner, and therefore did not cover the entire audit period. Additionally, NPCC's Sabotage Reporting Procedure did not reference the correct form, U.S. Department of Energy Electricity Delivery and Energy Reliability Form OE-417 (revision 4-2007), for reporting an incident.

In its mitigation of the alleged violations of CIP-001-1 R1, R2, R3, and R4, AMLP created a Sabotage Reporting Procedure as required by CIP-001-1 by December 5, 2007. This procedure was titled *AMLP #3.0002—Sabotage Reporting*, and was approved by the AMLP Board of Commissioners on June 18, 2008, effective December 5, 2007. The written procedure included the following information: (1) for compliance with Requirement 1, the plan included the recognition and awareness of sabotage events to AMLP operating personnel; (2) for compliance with Requirement 2, the plan included communicating information on sabotage events to other parties in the Interconnection; (3) for compliance with Requirement 3, the plan included sabotage response guidelines with AMLP personnel contact information; and (4) for compliance with Requirement 4, the plan included a communications contact list for the local FBI office.

Additionally, AMLP prepared an amended policy to include the correct reporting form for Sabotage Events, by adopting the U.S. Department of Energy Electricity Delivery and Energy Reliability, Form OE-417 (revision 4-2007).

Although AMLP did not submit its Mitigation Plan until June 9, 2008, NPCC determined that AMLP's Sabotage Reporting Procedure, effective December 5, 2007, complied with NERC's CIP-001-1 Standard and therefore the violation was mitigated at that time.

On November 6, 2008, AMPL certified to NPCC that its Mitigation Plan was completed. On November 26, 2008, NPCC reviewed the written policy titled *AMLP #3.0002— Sabotage Reporting*, that AMLP submitted in support of its Certification of Completion and verified that

appropriate within the initial value range set above pursuant to Section 4.1, or (ii) excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).

⁷ See 18 C.F.R § 39.7(d)(7).

AMLPLP was compliant with the Requirements of CIP-001-1 and that the Mitigation Plan was timely completed.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁸

FERC Order Excerpts

In Order No. 693, the Commission provided guidance to NERC and the industry on the determination of penalties during the first six month period of mandatory and enforceable Reliability Standards:

222. . . . In light of commenters' concerns, including the fact that there are new aspects to the Reliability Standards and the proposed compliance program that will apply to all users, owners and operators of the Bulk-Power System, *the Commission directs the ERO and Regional Entities to focus their resources on the most serious violations during an initial period through December 31, 2007.* This thoughtful use of enforcement discretion should apply to all users, owners and operators of the Bulk-Power System, and not just those new to the program as originally proposed in the NOPR. This approach will allow the ERO, Regional Entities and other entities time to ensure that the compliance monitoring and enforcement processes work as intended and that all entities have time to implement new processes.

223. *By directing the ERO and Regional Entities to focus their resources on the most serious violations through the end of 2007, the ERO and Regional Entities will have the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.* Further, even if the ERO or a Regional Entity declines to assess a monetary penalty during the initial period, they are authorized to require remedial actions where a Reliability Standard has been violated. Furthermore, where the ERO uses its discretion and does not assess a penalty for a Reliability Standard violation, we encourage the ERO to establish a process to inform the user, owner or operator of the Bulk-Power System of the violation and the potential penalty that could have been assessed to such entity and how that penalty was calculated. We leave to the ERO's discretion the parameters of the notification process and the amount of resources to dedicate to this effort. Moreover, the Commission retains its power under section 215(e)(3) of the FPA to bring an enforcement action against a user, owner or operator of the Bulk-Power System.

224. *The Commission believes that the goal should be to ensure that, at the outset, the ERO and Regional Entities can assess a monetary penalty in a situation where, for example, an entity's non-compliance puts Bulk-Power System reliability at risk.* Requiring the ERO and Regional Entities to focus on the most

⁸ See 18 C.F.R § 39.7(d)(4).

serious violations will allow the industry time to adapt to the new regime while also protecting Bulk-Power System reliability by allowing the ERO or a Regional Entity *to take an enforcement action against an entity whose violation causes a significant disturbance*. Our approach strikes a reasonable balance in ensuring that the ERO and Regional Entities will be able to enforce mandatory Reliability Standards in a timely manner, while still allowing users, owners and operators of the Bulk-Power System time to acquaint themselves with the new requirements and enforcement program. In addition, our approach ensures that all users, owners and operators of the Bulk-Power System take seriously mandatory, enforceable reliability standards at the earliest opportunity and before the 2007 summer peak season.⁹

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,¹⁰ the NERC BOTCC reviewed the NOCV and supporting documentation on June 30, 2009. The NERC BOTCC affirmed NPCC's findings and determination to impose a zero dollar (\$0) financial penalty against AMLP, based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violation occurred in 2007 and was mitigated in 2007; (2) the size of AMLP; (3) the absence of prior violation history for AMLP of this standard or a closely-related requirement; (4) no misrepresentation or concealment of facts was evident; (5) AMLP did not contest the violation; and AMLP demonstrated a commitment to an appropriate culture of compliance in its cooperation with NPCC's audit and enforcement staff.

Therefore, NERC believes that the proposed zero dollar (\$0) financial penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

⁹ Order No. 693 at PP 222-224 (emphasis added).

¹⁰ *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

Attachments to be Included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents and material:

- a) NPCC's Audit Report (Public Version) dated April 4, 2008, included as Attachment a;
- b) AMLP's Mitigation Plan designated as MIT-08-0598 submitted June 9, 2008, included as Attachment b;
- c) AMLP's Response to NPCC's Notice of Alleged Violation and Proposed Penalty or Sanction, and Certification of Completion of the Mitigation Plan, included as Attachment c; and¹¹
- d) NPCC's Verification of Completion of AMLP's Mitigation Plan, dated November 26, 2008, included as Attachment d.¹²

A Form of Notice Suitable for Publication¹³

A copy of a notice suitable for publication is included in Attachment e.

¹¹ This notice was not dated but subsequently confirmed by AMLP that the notice should have been dated November 6, 2008.

¹² NPCC's verification of completion of AMLP's Mitigation Plan incorrectly states that the Mitigation Plan was submitted to NPCC on June 8, 2008, instead of June 9, 2008.

¹³ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

Rick Sergel
President and Chief Executive Officer
David N. Cook*
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Walter Cintron*
Manager of Compliance Enforcement
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas-10th Fl.
New York, N.Y. 10018-3703
212-840-1070
212-302-2782 – facsimile
wcintron@npcc.org

Stanley W. Herriott*
Manager
Ashburnham Municipal Light Plant
P.O. Box 823
Ashburnham, MA 01430
Fax: 978-827-3370
sherriott@amp.org

*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

Rebecca J. Michael*
Assistant General Counsel
Holly A. Hawkins*
Attorney
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

Edward A. Schwerdt*
President & Chief Executive Officer
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas-10th Fl.
New York, N.Y. 10018-3703
212- 840-1070
212-302-2782 - facsimile
eschwerdt@npcc.org

Stanley E. Kopman*
Assistant Vice President of Compliance
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas-10th Fl.
New York, N.Y. 10018-3703
212- 840-1070
212-302-2782 – facsimile
skopman@npcc.org

Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

Rick Sergel
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

/s/Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: Ashburnham Municipal Light Plant
Northeast Power Coordinating Council

Attachments

Attachment a

**NPCC's Audit Report (Public Version), dated
April 4, 2008**



NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8901 TELEPHONE: (212) 840-1070 FAX: (212) 302-2782

Compliance Audit Report Public Version

Ashburnham Municipal Light Plant AML NCR07010

March 8-April 3, 2008

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

April 4, 2008

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Executive Summary

This final compliance audit report is the public version. Confidential information has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

The offsite compliance audit of Ashburnham Municipal Light Plant (AMLP) was conducted between March 8 and April 3, 2008. The audit was completed using data submitted by AMLP and telephone and email data exchanges. The audit team evaluated AMLP's compliance for the LSE-Load Serving Entity and DP-Distribution Provider functions with sixteen reliability standards identified in the NERC 2008 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each, reliability standard. Of the sixteen standards and thirty-one requirements audited, ten requirements were judged to be compliant, five were judged to be non-compliant and sixteen were judged to be not applicable. AMLP provided a subject matter expert for the standards resulting in a more clear understanding of the AMLP business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete, thorough and well organized although most of the policies were not in place for the required time period the audit covered. The audit team would like to thank the AMLP audit preparation team for the support offered through the audit.

Audit Process

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review AMLP compliance with the requirements of the reliability standards that are applicable to AMLP based on the AMLP registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.

The audit was completed using data submitted by AMLP and telephone and email data exchanges. The audit team evaluated AMLP's compliance with sixteen reliability standards identified in the NERC 2008 Implementation Plan for the period of the last twelve months or monitoring timeframes specified, in each reliability standard. Of the sixteen standards and thirty-one requirements audited, ten were judged to be compliant, five were judged to be non-compliant, and sixteen were judged to be not applicable based on the data submitted in response to the audit request and further data provided as a result of follow up questions.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

The compliance audit process steps are detailed in the NERC CMEP. The NERC 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 audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.² The audit objectives are:

- Independently review AMLP compliance with the requirements of the reliability standards that are applicable to AMLP based on the AMLP registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document the AMLP compliance culture.

Scope

The audit included all standards identified in the January 4, 2008 audit letter for the previous year. The audit was a regularly scheduled audit and no self reported violations or compliance investigations were involved.

Confidentiality and Conflict of Interest

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and regional entity staffs were provided to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the audited entity. The audited entity was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. The audited entity accepted the audit team member participants with no objections.

² North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Off-site Audit

AMLP was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to AMLP more than 60 days in advance of the scheduled audit. This is an off site audit conducted every six years or as determined to be necessary by the region. AMLP had not self reported any violations

If necessary, the audit team leader would have requested interviews with AMLP employees representing subject matter expertise regarding all of registered functions of AMLP. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The audit team prepared reliability standards auditor worksheets (RSAWs) to evaluate each standard. The RSAW's are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form portion of the audit trail are included in the RSAW's.

Audit Overview

The audit overview was conducted March 24, 2008 via phone call. The auditor reviewed his career in an earlier email on March 6, 2008. A brief explanation of the audit process was given and the timelines were discussed. AMLP was given the opportunity to reject either auditor should they feel that there was a possible conflict of interest or they thought the auditors would not be impartial. AMLP accepted the audit team.

Audit

The audit was performed off site by Kim Pitchell. A list of questions was provided to AMLP via of a telephone call and AMLP then took the time necessary to develop the answers and submitted them by email to the auditor.

Exit Briefing

The exit briefing was conducted by telephone call on 4/4/08 between Kim Pitchell of NPCC and Stan Herriott of AMLP. The NPCC auditor reviewed the audit process and summarized the findings of the audit. The results of the audit were that ten requirements were judged to be compliant, five requirements were judged to be non-compliant and sixteen were judged to be not applicable. AMLP was given an opportunity to question the audit findings and provide comment on the audit. AMLP said they found the process to be informative.

Company Profile

The Ashburnham Municipal Light Plant principally serves the residents of the Town of Ashburnham. We also provide service for a few customers in the neighboring Towns of Gardner, Westminster and Winchendon. This is by an agreement with the investor owned utilities as they have no access to these areas. We cover about 55 square miles and have approximately 138 miles of overhead distribution lines and, 4.5 miles of underground URD.

Our system is served from our own substation. Transmission service is supplied by National Grid Company normally from their 135 north line, that runs from Pratt's Junction in Leominster, to Bellows Falls Vermont. The station is a double ended station with National Grid owning one side and Ashburnham Municipal Light Plant owning the other. The National Grid side is normally served from the 136 north line which follows the same path as the 135 north line. National Grid owns and operates all the equipment associated with transmission lines, including the taps on both the 135 & 136 lines into the station. We pay a prorated share of transmission costs on an annual basis to the National Grid Company for our share of maintenance and upgrade costs.

We have an automatic transfer system that allows both National Grid's load and Ashburnham's Load to be transferred back and forth between the two station transformers during maintenance or emergency conditions. This system provides National Grid and Ashburnham with 100 % back up in the case of failure of one of the transmission lines or transformers. This agreement is documented and was signed in 1996 and continues in effect for 30 years.

Ashburnham Station 610 consists of a 115 KV circuit switcher, and 20 MVA oil filled Waukesha Transformer 115 KV to 13,800 grounded Y. Our distribution load is served through two vacuum circuit breakers which are individually regulated by two oil filled banks of regulators. Either breaker is capable of carrying the entire system load. Each breaker has under frequency load shedding relays which are set in accordance with NERC requirements. The first breaker tripped will open approximately 40% of our load with the second tripping the remainder. Ashburnham has no scada or remote control systems.

Audit Specifics

The compliance audit was conducted between March 8 and April 3, 2008 at the NPCC offices in New York, New York.

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program

Audit Team Role	Title	Company
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program
Observer	Regional Coordinator	NERC

Ashburnham Municipal Light Plant

Title	[Audited Entity] Organization
Manager	AMLP

Audit Results

AMLP provided a CD and a binder containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions email and phone calls were used to request additional documentation until the auditor was convinced that the standards and requirements had been addressed.

After reviewing all the data pertaining to sixteen standards involving thirty-one requirements; AMLP was judged to be compliant with ten requirements, non-compliant with five requirements and 16 requirements were not applicable.

The Requirements identified with an * are those applicable to the DP-Distribution Provider function. The other requirements are applicable to the LSE-Load Serving Entity function.

Findings

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
CIP-001-1	R1.	Non-Compliant
CIP-001-1	R2.	Non-Compliant
CIP-001-1	R3.	Non-Compliant
CIP-001-1	R4.	Non-Compliant
EOP-002-2	R9.	Compliant
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Non-Compliant
INT-001-2	R1.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R3.	*Not Applicable
PRC-005-1	R1.	* Not Applicable
PRC-005-1	R2.	* Not Applicable

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

Reliability Standard	Requirement	Finding
PRC-008-0	R1.	*Compliant
PRC-008-0	R2.	*Compliant
PRC-010-0	R1.	Not Applicable
PRC-010-0	R2.	Not Applicable
PRC-010-0	R1.	* Not Applicable
PRC-010-0	R2.	* Not Applicable
PRC-011-0	R1.	* Not Applicable
PRC-011-0	R2.	* Not Applicable
PRC-016-0	R1.	* Not Applicable
PRC-016-0	R2.	* Not Applicable
PRC-016-0	R3.	* Not Applicable
PRC-017-0	R1.	* Not Applicable
PRC-017-0	R2.	* Not Applicable
PRC-021-0	R1.	* Not Applicable
PRC-021-0	R2.	* Not Applicable
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant

Compliance Culture

The audit team reviewed AMLP's compliance culture. The regional entity compliance staff may review additional aspects of AMLP's compliance culture. During all contacts AMLP staff were professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.

Attachment b

**AMLP's Mitigation Plan designated as
MIT-08-0598, submitted June 9, 2008**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 6-6-08

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form.
- A.2 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: Ashburnham Municipal Light Plant
 Company Address: 24 Williams Road Ashburnham, MA 01430
 NERC Compliance Registry ID: NCR07010

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Stanley W. Herriott
 Title: General Manager
 Email: sherriott@ampl.org
 Phone: 978-827-4423

Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan

- C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

Applicable Standard, Requirement(s) and dates:

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
NPCC200800023	CIP-001-1	R1	Medium	04/04-2008	AUDIT
NPCC200800024	CIP-001-1	R2	Medium	04/04-2008	AUDIT



NPCC, Inc.

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NPCC200800025	CIP-001-1	R3	Medium	04/04-2008	AUDIT
NPCC200800026	CIP-001-1	R4	Medium	04/04-2008	AUDIT

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by Registered Entity, and subject to modification by [RE acronym], as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by [RE acronym]. Questions regarding the date to use should be directed to the [RE acronym] contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment:

The policy governing Sabotage Reporting was not written and approved in a timely manner. As a result it did not cover the entire audit period. Also the policy did not make reference to the correct form for reporting an incident.

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:

None

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment:

The Ashburnham Municipal Light Commissioners have directed me to take the necessary actions to correct our alleged violation of Reliability Standard CIP-001-1. I have taken such action in that I have prepared an amended policy to include the correct reporting form, US Department of Energy Electricity Delivery and Energy Reliability Form OE-417 (revision 4-2007). The second issue associated with this alleged violation is that of the timely creation of the policy. The policy was created at the time the certification of compliance was submitted; as a result the policy was not in effect for the entire audit period.



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Mitigation Plan Timeline and Milestones

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented: The amended policy has been created and is scheduled to be approved at the next Board of Commissioners meeting, which is scheduled for June 18th, 2008.

D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Create Revised Policy AMLP # 3.0002	6-1-08
Approve Revised Policy	6-18-08

(* Note: Implementation milestones no more than three (3) months apart are permissible only for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.



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Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment:

Ashburnham feels that there is no increased risk to the BPS as a result of our alleged non-compliance with the CIP-001-1.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

Ashburnham understands the need to be diligent in the review of the NERC standards and will take all steps necessary to ensure that we develop policies and standards in a timely manner going forward.



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Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits this Mitigation Plan for acceptance by [RE acronym] and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am General Manager of Ashburnham Municipal Light Plant.
 2. I am qualified to sign this Mitigation Plan on behalf of Ashburnham Municipal Light Plant.
 3. I understand Ashburnham Municipal Light Plant obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 3. I have read and am familiar with the contents of this Mitigation Plan.
 4. Ashburnham Municipal Light Plant agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by [RE acronym] and approved by NERC.

Authorized Individual Signature

Name (Print): Stanley W. Herriott

Title: General Manager

Date: 6-9-08



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Section G: Regional Entity Contact

Please direct any questions regarding completion of this form to:

[RE's assigned staff name and contact information]



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by [Regional Entity acronym] and approval by NERC.
- III. This Mitigation Plan is submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



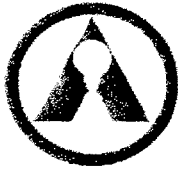
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- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is accepted by [Regional Entity acronym] and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. [Regional Entity acronym] or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

Attachment c

AMLP's Response to NPCC's Notice of Alleged Violation and Proposed Penalty or Sanction and Certification of Completion of the Mitigation Plan



Ashburnham Municipal Light Plant

24 Williams Road P.O. Box 823, Ashburnham Massachusetts 01430-0823

Ph. 1-978-827-4423

Mr. Walter Cintron
Manager Compliance Enforcement
North East Power Coordinating Council
1515 Broadway
New York, NY 10036

Re: Notice of Violation

Dear Mr. Cintron

In regard to your letter of October 28th, 2008, Notice of Alleged Violation and Proposed Penalty or Sanction, the Ashburnham Municipal Light Plant does not intend to contest the alleged violation. Furthermore we have completed, submitted and implemented a mitigation plan to correct the alleged violation.

In best regards,

Stan Herriott

Manager

Ashburnham Municipal Light Plant

Attachment d

NPCC's Verification of Completion of AMLP's Mitigation Plan, dated November 26, 2008



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Confidential

November 26, 2008

Mr. Stanley Herriott
General Manager
Ashburnham Municipal Light Plant

Re: MIT-08-0598, Violation # NPCC200800023, 24, 25, 26

This letter is to notify you that NPCC has verified the completion of the mitigation plan Ashburnham Municipal Light Plant submitted on June 8, 2008.

NPCC thanks you for your cooperation in this matter and for improving the reliability of the bulk electric system.

Please do not hesitate to call if you have any questions regarding this issue.

Sincerely,

Walter Cintron
Manager, Compliance Enforcement
Tel: 212 840-1070
Fax: 212 302-2782

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Ashburnham Municipal Light Plant

Docket No. NP09-____-000

NOTICE OF FILING
July 31, 2009

Take notice that on July 31, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Ashburnham Municipal Light Plant in the Northeast Power Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary