



Compliance Audit Report

Westar Energy
October 2-4, 2007

Public Version

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Executive Summary

All Balancing Authority and Transmission Operators in the SPP footprint are on a three year NERC Compliance Audit cycle. Westar Energy (WR) was on the rotation in 2007. The Southwest Power Pool Regional Entity (SPP RE) audit team visited WR in October to verify the company's evidence showing compliance to the 2007 list of monitored NERC standards. Forty seven standards were reviewed either on-site or at the SPP RE office for this audit. The team reviewed summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources of evidence to verify compliance. The audit team discussed the standards and evidence with several of the WR staff.

After completing its review of the evidence, the audit team finds WR compliant with all the reviewed standards. The evidence provided by WR demonstrated that the WR staff was well prepared for the audit. The supporting staff was available to answer questions about the evidence presented. This preparation resulted in a professional and well-orchestrated audit.

WR demonstrated that compliance is a company priority. A staff member has been assigned the responsibility for monitoring company compliance with the standards.

Audit Process

The compliance audit process steps are detailed in the NERC Compliance Monitoring and Enforcement Program (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 entity is registered.¹ Balancing Authorities and Transmission Operators are audited on-site once every three years. The on-site audit objectives were:

- Independently review **Westar Energy's (WR's)** compliance with the requirements of the reliability standards that are applicable to **WR** based on the functions for which **WR** has registered with NERC.
- Validate compliance with applicable reliability standards from the NERC 2007 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 standards, and review the status of associated mitigation plans.
- Document the **WR** compliance culture.

Scope

The on-site compliance audit included 29 NERC standards applicable to the registered entity and monitored in the NERC Implementation Plan. For 2007, the audit looked at current material and

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

records going back twelve months. NERC standards CIP-002-1 and CIP-003-1 were reviewed to verify the company's progress with these standards.

There are 12 other NERC monitored standards that were reviewed at the SPP RE office. The results of the reviewed material are included in this report.

Six CIP standards were reviewed by the SPP RE staff in July. WR completed the NERC CIP survey and submitted it to SPP RE. Follow up questions were discussed during the on-site audit.

WR's neighboring Balancing Authorities, Transmission Operators, and its Reliability Coordinator were sent a questionnaire. They were asked if there were any coordination or data sharing problems with WR. The results of these inquiries are included in this report.

Additional scope information is included in Appendix 1.

Confidentiality and Conflict of Interest

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and SPP RE staff were collected and made available to WR. Conflict of interest communications from both the independent contractor and WR confirmed there were no conflicts. SPP RE audit staff and director do not have any conflicts of interest with WR. WR 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. WR accepted the audit team member participants with no objections.

Methodology

The audit team looked for compliance with each requirement of the audited standards. Evidence could include summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources. Information gathered from neighboring Balancing Authorities, Transmission Operators, and the Reliability Coordinator were considered during the review of evidence.

The audit team reviewed the evidence for each standard with WR subject matter experts. This process enabled the team to get immediate answers to questions that arose. This process also exposed other company staff to the audit process which helped solidify why a company follows certain procedures and processes. Any self-reported violations or open mitigation plans were reviewed by the audit team.

The audit team used the Reliability Standards Audit Worksheets (RSAW) to review and document each reliability standard during the compliance audit. The purpose of the RSAW was to help ensure consistency and fairness during each compliance audit. An individual audit worksheet was developed for each reliability standard. The audit team used the RSAW to document the material reviewed and compliance findings. All documentation reviewed as evidence to a standard was documented in the RSAW.

The lead auditor presented the findings of the audit to the WR staff on the last day. WR brought in several staff members. The presentation covered the standards that were reviewed on-site and off-site. The process for completing the final report was presented. Public posting of the final

report was discussed. The security of the audit information was also discussed. WR was informed that there is a post-audit questionnaire to complete and that this information will be reported to the SPP RE Executive Director and NERC. The remaining time was open for questions.

The audit team used the documented evidence to complete this final report. If a potential violation had been found during the audit, the evidence presented for that standard or requirement would have been collected and taken back to the SPP RE office for secure storage. The potential violation would then be processed through the steps outlined in the SPP RE Compliance Monitoring and Enforcement Program (CMEP).

Company Profile

Westar Energy is the largest electric energy provider in Kansas. Their territory covers most of east and east-central Kansas. WR has more than 6,000 megawatts of generation. They also coordinate and operate 33,000 miles of transmission and distribution lines. WR interconnects with ten neighboring companies in the Eastern Interconnection. WR operates 24hr / 7 day per week Balancing Authority (BA) / Transmission Operator (TOP) control centers with Southwest Power Pool (SPP) as its Reliability Coordinator.

Westar is registered for the following NERC functions:

Balancing Authority
 Transmission Operator
 Transmission Planner
 Transmission Owner
 Transmission Service Provider
 Distribution Provider
 Generator Operator
 Generator Owner
 Purchasing – Selling Entity
 Resource Planner
 Load Serving Entity

Audit Specifics

The compliance audit was conducted on October 2-4, 2007 at the Westar Energy office in Topeka, Kansas.

Audit Team

The audit team consisted of:

| Audit Team Role | Name | Title | Company |
|-----------------|----------------|---------------|---------|
| Lead | Kevin Goolsby | Lead Auditor | SPP RE |
| Member | Shon Austin | Auditor | SPP RE |
| Member | Norm Jary | Auditor | SPP RE |
| Member | Jim Cyrulewski | Auditor | SPP RE |
| Observer | Roger Lampila | NERC Observer | NERC |

Westar Energy Audit Participants

WR provided 17 staff members to answer questions and present the evidence supporting compliance with the NERC Standards. The staff was very knowledgeable about their department's procedures, policies, and demonstrated coordination among the different departments.

Westar Energy Audit Participants

| Title | [Audited Entity] Organization |
|--------------------------------------|----------------------------------|
| Director Transmission System Ops. | Westar Energy |
| Manager Generation Dispatch | Westar Energy |
| Generation System Operator | Westar Energy |
| Manager Utility Resource Planning | Westar Energy |
| Manager Transmission Operations | Westar Energy |
| Engineer Transmission Operations | Westar Energy |
| Manager Financial Compliance | Westar Energy |
| Executive Director Transmission Ops. | Westar Energy |
| Director System Planning | Westar Energy |
| Manager Voice & Data Systems | Westar Energy |
| Manager Substation Protection | Westar Energy |
| Manager Vegetation Management | Westar Energy |
| Director Sub & Dist Maintenance | Westar Energy |
| Manager Energy Management Sys | Westar Energy |
| Security Analyst | Westar Energy |
| Manager IT Security | Westar Energy |
| Director IT Enterprise Architecture | Westar Energy |

Audit Results

Findings

| Reliability Standard | Auditor Notes | Finding |
|-----------------------------|---|---------------------------------------|
| BAL-001-0 | Reviewed at SPP RE office | Compliant |
| BAL-002-0 | Reviewed at SPP RE office | Compliant |
| BAL-003-0 | Reviewed at SPP RE office | Compliant |
| CIP-001-1 | Reviewed on-site | Compliant |
| CIP-002-1 | Reviewed on-site | On Target |
| CIP-003-1 | Reviewed on-site | On Target |
| CIP-004-1 through CIP-009-1 | These standards were addressed in the NERC CIP survey this summer and reviewed on-site. | Working to become auditably compliant |
| COM-001-1 | Reviewed on-site | Compliant |
| EOP-001-0 | Reviewed on-site | Compliant |
| EOP-003-1 | Reviewed on-site | Compliant |
| EOP-005-1 | Reviewed on-site | Compliant |
| EOP-006-1 | For Reliability Coordinators | N/A |
| EOP-008-0 | Reviewed on-site | Compliant |
| EOP-009-0 | Reviewed on-site | Compliant |
| FAC-003-1 | Reviewed on-site | Compliant |
| FAC-008-1 | Reviewed on-site | Compliant |
| FAC-009-1 | Reviewed on-site | Compliant |
| IRO-001-1 | Reviewed on-site | Compliant |
| IRO-004-1 | Reviewed on-site | Compliant |
| IRO-014-1 | For Reliability Coordinators | N/A |
| IRO-015-1 | For Reliability Coordinators | N/A |
| IRO-016-1 | For Reliability Coordinators | N/A |
| PER-002-0 | Reviewed on-site | Compliant |
| PER-003-0 | Reviewed on-site | Compliant |
| PER-004-1 | For Reliability Coordinators | N/A |
| PRC-004-1 | Reviewed on-site | Compliant |
| PRC-005-1 | Reviewed on-site | Compliant |
| PRC-008-0 | Reviewed on-site | Compliant |
| PRC-010-0 | WR does not have any UVLS, verified at SPP RE office | N/A |
| PRC-011-0 | WR does not have any UVLS, verified at SPP RE office | N/A |
| PRC-016-0 | WR does not have any SPS, verified at SPP RE office | N/A |
| PRC-017-0 | WR does not have any SPS, verified at SPP RE office | N/A |
| PRC-021-1 | SPS does not have any UVLS, verified at SPP RE office | N/A |
| TOP-003-0 | Reviewed on-site | Compliant |
| TOP-004-1 | Reviewed on-site | Compliant |
| TOP-005-1 | Reviewed on-site | Compliant |
| TOP-007-0 | Reviewed on-site | Compliant |
| TPL-001-0 | Reviewed at SPP RE office | Compliant |
| TPL-002-0 | Reviewed at SPP RE office | Compliant |
| TPL-003-0 | Reviewed at SPP RE office | Compliant |
| TPL-004-0 | Reviewed at SPP RE office | Compliant |
| VAR-001-1 | Reviewed on-site | Compliant |

Additional results and compliance findings are included in Appendix 1.

Conclusions

The audit team reviewed the evidence WR provided to show compliance with each requirement of the audited standards at WR's office. The audit team spent two days reviewing the material with the WR staff. The audit team toured both transmission operations and generation's control rooms to verify that evidence provided in the questioning was the same available to the operators. Three Under Voltage Load Shedding (UVLS) standards did not apply to WR at this time. Also two Special Protection System (SPS) standards did not apply to WR at the time of the audit. WR is in the process of installing a SPS on their system. They have received SPP's approval and will have the SPS installed this year. WR was well prepared to present its evidence to the audit team. WR personnel provided the subject matter experts for each of the standards. This helped the audit team obtain answers to all questions that arose during the audit.

SPP RE staff reviewed the comments returned from WR's neighboring Balancing Authorities, Transmission Operators, and Reliability Coordinator. There were no negative comments to investigate.

The twelve other NERC monitored standards that were reviewed at the SPP RC office were found to be compliant.

The six CIP standards reviewed by the SPP RE staff in July 2007 were found to be on schedule based on the approved implementation plan.

After reviewing WR's summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources, the **audit team finds WR compliant with all standards reviewed.**

Summary of Westar Response to the Audit Findings

Westar Energy would like to thank the audit team for its efforts and commend them on the professionalism displayed during the audit process. As Westar strives to maintain compliance with all NERC Reliability Standards, we will welcome the opportunities to demonstrate compliance and to continue to learn from the audit process as a whole.