



Compliance Audit Report Public Version

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

**Logan County Electric Cooperative Power
and Light Association Inc.**

NCR 08059

**Audit Date
October 13 – 21, 2008**

**Report Date
November 25, 2008**

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Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

As part of the NERC Compliance Monitoring and Enforcement Program (CMEP) ReliabilityFirst scheduled the Logan County Electric Cooperative Power and Light Association Inc. (LCEC) for an offsite audit of its compliance to the NERC Reliability Standards and the ReliabilityFirst Regional Standards that apply to LCEC for the distribution provider functions that it performs within the ReliabilityFirst area. ReliabilityFirst gave LCEC a 60 day notification requesting data and information as evidence of their compliance to applicable Reliability Standards. The audit team reviewed this material and made a determination of LCEC's compliance to these standards.

Nine Standards that included thirty requirements apply to LCEC. Eight of the nine standards were determined to not apply to LCEC since it does not own transmission protections equipment, underfrequency or undervoltage load shedding equipment, or special protection systems at this time. No ReliabilityFirst standards were evaluated as none are applicable to LCEC. LCEC was prepared for the audit and presented its documentation in a complete and concise manner. LCEC did not have any violations or mitigation plans open for review during this audit. The Audit Team found LCEC compliant with the two requirements for the one standard audited that applies to its operations.

Audit Process

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.¹ The audit objectives are:

- Review LCEC's compliance with the requirements of the reliability standards that are applicable to LCEC based on LCEC's registered functions
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards

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

- 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 LCEC's compliance culture
- Validate compliance with other NERC standards outside the 2008 implementation plan as selected by ReliabilityFirst
- Validate compliance with applicable ReliabilityFirst reliability standards that apply to LCEC

Scope

LCEC is subject to monitoring by ReliabilityFirst on a six year basis. This audit was conducted on those standards which were in the 2008 CMEP Implementation Plan. ReliabilityFirst monitors all applicable ReliabilityFirst standards, self certifications, and mitigation plans as appropriate. This audit of LCEC did not include any regional standards.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC and the NERC Rules of Procedure Section 1500. The audited entity was informed of the ReliabilityFirst obligations and responsibilities under the agreement and procedures. The work history for each audit team member was 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 did not submit any objections by the stated fifteen day objection due date and by this action has accepted the audit team member participants without objections. ReliabilityFirst found no conflict of interest for any of the audit team members.

Off-site Audit

LCEC is subject to a compliance audit once at least every six years, as indicated in the NERC Rules of Procedure. LCEC was provided 60 day notification of this scheduled audit and at that time all necessary documents required by the NERC and ReliabilityFirst audit process were provided. The following documents were provided as part of the notification:

- 60 day Notification letter which contained request for evidence , information, and date submittals
- Audit Survey
- Audit Agenda as applicable
- Internal Compliance Survey
- Audit Team Work History with discussion of objection process
- General Instructions of Data or Information Submittals

- Reliability Standard Auditor Worksheets (RSAWs)
- Reliability Standard Questionnaires

Documents were provided to LCEC in both electronic and hardcopy format.

Reliability*First* discussed the use of technical experts with the LCEC primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by LCEC as it deems necessary to explain their compliance to the standards. As such, LCEC has been notified to provide any technical experts or personnel that it deems necessary in order to provide the Audit Team an understanding of the evidence provided to meet compliance.

An audit agenda and/or schedule were provided to LCEC in advance to allow the necessary time to prepare for the audit. LCEC cooperation and flexibility with the agenda was appreciated by the audit team.

This audit was conducted in the Reliability*First* offices using material provided by LCEC. The audit team made additional calls, as needed, to request additional information or to clarify information previously supplied to the team. The audit team leader requested telephone interviews with LCEC employees representing subject matter expertise regarding all registered functions of LCEC. These interviews in conjunction with evidence provided, supplied the audit team with a basis for using professional judgment when validating compliance to the reliability standards.

Methodology

The audit team reviewed the evidence provided by LCEC for each of the requirements that apply to the functions performed by the company, to determine if the company complied with those standards and associated requirements. The team reviewed each requirement, discussed the levels of compliance, and addressed each team member's concerns from the audit to determine its findings from the review.

Audit Overview

An Opening Briefing was conducted as a conference call/WebEx to discuss the following:

- Introduction of audit team
- Audit Objective and Scope
- Team Audit Expectations
- Discussion of Clarification Calls
- Audit Process
- Exit Briefing and schedule

Audit

The audit team worked as group and reviewed each applicable requirement to determine if LCEC was compliant to the requirement. The audit followed the agenda closely. LCEC provided additional information or clarified existing information during the review of its material via their subject matter experts.

Exit Briefing

The audit team used a web based exit presentation and teleconference to present its preliminary findings to the LCEC staff. The team lead provided their basis for the preliminary findings from the audit. The presentation was attended by the following LCEC staff:

Title	LCEC Organization
President/C.E.O.	Logan County Electric Coop
Manager, Engineering & Operations	Logan County Electric Coop

The presentation was open for comments and discussion about the findings. The exit presentation also covered any possible violations and mitigation requirements, the reporting process going forward, and audit feedback.

Company Profile

LCEC performs the following NERC function in the Reliability*First* region and is registered with NERC/Reliability*First* for this function:

- Distribution Provider (DP)

LCEC provides electric energy to more than 4,600 homes and businesses in three counties in west central Ohio. Buckeye Power has registered as a load-serving entity with Reliability*First* for the load served by LCEC. LCEC has 4,320 residential customers, 273 Commercial customers, and 7 industrial customers. It is a summer peaking utility with a peak load of 33.5 MW.

At the transmission level, LCEC is connected to Dayton Power and Light (DP&L) Company at one point via the 138 kV system. The remainder of the LCEC load is served through two 69 kV and one 12 kV distribution interconnections to DP&L. LCEC owns protection systems for its 138/7.2/12.47 kV transformer. Line protection is owned by DP&L. The 138 kV line switches are owned and operated by DP&L.

PJM is the reliability coordinator, balancing authority, and transmission operator for LCEC.

Audit Specifics

The compliance audit was conducted on October 13 - 22, 2008 at the ReliabilityFirst office in Akron, OH.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Engineer	ReliabilityFirst Corporation
Member	Consultant	Sander-Reber

LCEC Audit Participants

Title	LCEC Organization
President/C.E.O.	Logan County Electric Coop
Manager, Engineering & Operations	Logan County Electric Coop

Audit Results

LCEC did not have any violations or mitigation plans open for review during this audit. After reviewing the evidence presented to the audit team, The Audit Team found LCEC fully compliant with the two requirements for the one standard that applied to its operation.

Findings

The following table details the summarized auditor findings relating to evidence reviewed for the determination of LCEC's compliance with the reliability standards listed in the NERC 2008 Implementation Plan. The table includes details, section and page numbers noted by the auditor relating to the evidence reviewed for compliance to the reliability standard and associated requirements.

LCEC Off-site Audit Findings Table

Reliability Standard	Requirement	Finding
FAC-002-0	R1.	Compliant
FAC-002-0	R2.	Compliant
PRC-004-1	R1.	N/A
PRC-004-1	R3.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-007-0	R1.	N/A
PRC-007-0	R2.	N/A
PRC-007-0	R3.	N/A
PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-009-0	R1.	N/A
PRC-009-0	R2.	N/A
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-015-0	R1.	N/A
PRC-015-0	R2.	N/A
PRC-015-0	R3.	N/A
PRC-016-0	R1.	N/A
PRC-016-0	R2.	N/A
PRC-016-0	R3.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
PRC-021-1	R1.	N/A
PRC-021-1	R2.	N/A
PRC-022-0	R1.	N/A
PRC-022-0	R2.	N/A

Compliance Culture

LCEC provided documentation to demonstrate its compliance to the requirements of the applicable standards. The documentation was complete and in order such that the audit team could reasonably determine LCEC compliance to the applicable requirements. LCEC provided additional evidence and clarifications when requested by the audit team. LCEC completed the Compliance Audit Questionnaire, individual Pre-Audit Questionnaires for each applicable standard, and the documentation section of the NERC Reliability Standard Audit Worksheets. The Reliability Standard Audit Worksheets were provided in a single PDF format rather than the Word document requested making documentation more difficult to evaluate.

The LCEC Compliance policy designates the President/CEO as the Compliance Manager and the Compliance Audit Questionnaire, submitted to Reliability *First*, identified the Manager Operations and Engineering as the alternate compliance manager.