



# **Compliance Audit Report Public Version**

**FPL Energy Duane Arnold, LLC (FPL-DA)  
NCR 10019  
August 5 - 15, 2008**

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

**August 15, 2008**

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## Executive Summary

The Midwest Reliability Organization (MRO) conducted a compliance audit of FPL Energy Duane Arnold, LLC (FPL-DA) as a part of its normal six year cycle. Review of documentation submitted by FPL-DA took place at the MRO offices on August 5 - 15, 2008. The team conducted an audit conference call on August 7, 2008 at the MRO office. The audit team consisted of three MRO staff members.

The North American Electric Reliability Corporation (NERC) has designated a subset of Reliability Standards for active compliance monitoring and reporting by the Regional Entities in their 2008 implementation plan. NERC has identified 62 standards as “actively monitored” which contain 294 requirements. These compliance audits focus on the period from June 18, 2007 to the audit date.

FPL-DA is registered with the MRO as responsible for 2 functions. As a result of this registration and for this audit, FPL-DA is responsible for meeting compliance with 17 Reliability Standards which contain 40 requirements. FPL-DA is found to be in full compliance with 40 requirements. An additional eight standards and their requirements were monitored as a part of the 2007 Critical Infrastructure Protection (CIP) survey. In July 2008, a special CIP self-certification was conducted for all Registrants. No alleged violations of requirements were identified during the course of the 2008 Compliance Audit.

As a part of the audit process, FPL-DA completed an Audit Questionnaire and provided the MRO with supporting documentation for their audit. Upon completion of the initial review of evidence, the audit team requested additional documentation and identified the subject matter experts to be interviewed.

During the conference call, the FPL-DA staff was found to be cordial, willing to clarify any questions and, when needed, directed the audit team to the correct supporting documentation. The subject matter experts were open with their responses and were cooperative throughout the process.

## Audit Process

The FPL-DA Compliance Audit was conducted as a part of its normal six year cycle. The 2008 Compliance Program consists of 54 actively monitored Standards. Thirty-seven of these Standards were deemed not applicable, which are related to functions other than GO and GOP. Documentation was viewed from June 18, 2007 to the date of the audit.

The compliance audit process steps are detailed in the NERC Compliance Monitoring and Enforcement Plan (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.<sup>1</sup> The audit objectives are:

- Independently review FPL-DA's compliance with the requirements of the reliability standards that are applicable to FPL-DA based on the FPL-DA's 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 standards, and review the status of associated mitigation plans.

### *Scope*

The FPL-DA Compliance Audit was conducted as a part of its normal six year cycle. The audit was conducted under the guidelines of the 2008 CMEP. All applicable NERC and MRO standards were reviewed during this audit. The audit team reviewed supporting documentation for the past 12 months.

### *Confidentiality and Conflict of Interest*

Confidentiality agreements and code of conduct documentation for the NERC representative and regional entity staff were available to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were available to the audited entity if requested. 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.

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

### ***Audit Proceedings***

The MRO presented a high level overview of the compliance audit process.

The auditor code of conduct was reviewed. MRO staff must adhere to confidentiality as required through the NERC Delegation Agreement.

### ***Methodology***

Audit criteria included standards, measures, and expectations based on best practices. The criteria were objective, measurable, complete and relevant to the objectives. The audit team accepted and was not limited to policies, procedures, screen-prints of EMS, copies of operator logs, audio clips, and correspondence. If needed, additional supporting documentation or clarification was requested.

The Audit team used the Reliability Standards Auditor Worksheets (RSAW) to review each reliability standard during the compliance audit. This is done to ensure consistency and fairness during each compliance audit.

### ***Audit Overview***

On September 26, 2007, the MRO scheduled FPL-DA to receive a compliance audit August 6, 2008 as a part of their normal six year cycle. On May 16, 2008 the MRO sent FPL-DA the audit package which included *the On-Site Notification, Pre-Audit Survey, Procedures for Conducting an Audit, Subject Matter Experts Spreadsheet, Preparing for Compliance and Compliance Audit* and the *2008 MRO Audit Questionnaire*. Additionally, a questionnaire was sent to the Midwest ISO as the Reliability Coordinator.

### ***Audit***

Two weeks prior to the audit, FPL-DA supplied MRO with approximately 90% of supporting documentation needed to demonstrate compliance. MRO staff reviewed this documentation. The compliance staff utilized the NERC Standards and the RSAW while reviewing the supporting documents and the Audit Questionnaire response provided by FPL-DA.

After evaluation of the supporting documentation, a set of questions was developed to be posed to subject matter experts for FPL-DA and missing supporting evidence was identified. During the conference call, the team of auditors was able to review the necessary documents and conduct interviews of the subject matter experts. These interviews, in conjunction with supporting evidence, provided the audit team with a basis for professional judgment when validating compliance with reliability standards. Subject matter experts for the following standards were requested to be available: COM-002, EOP-004, FAC-008, 009, IRO-001, 004, 005, PRC-004, 005, TOP-002, and VAR-002.

### ***Exit Briefing***

Upon completion of the audit conference call, the MRO requested the FPL-DA staff with a list of further documentation needed with a specified time of submittal.

All documentation is stored at the MRO office in a fire proof locked cabinet.

### ***Company Profile***

The FPL Energy Duane Arnold, LLC (FPL-DA) is a wholly-owned subsidiary of FPL Group. FPL Energy, LLC. owns and operates Duane Arnold Energy Center. This nuclear generating unit is within the MRO region and located within the Alliant Energy Balancing Authority. The American Transmission Company (ATC) is the Transmission Operator and Transmission Owner for the Duane Arnold unit.

The Midwest Reliability Organization (MRO) is FPL-DA's Regional Entity and the Midwest ISO is FPL-DA's Reliability Coordinator via a delegation agreement with the Mid-Continent Area Power Pool (MAPP). FPL-DA is registered in the MRO as the following NERC Functional Entities: Generation Owner, Generation Operator.

***Audit Specifics***

The compliance audit conference call was conducted on August 7, 2008.

**Audit Team**

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead	Compliance Audit Manager	MRO
Member	Engineer	MRO
Member	Compliance Program Associate	MRO

**FPL-DA Audit Participants**

<b>Title</b>	<b>FPL-DA Organization</b>
Director	Reliability and Compliance Group
Manager	Reliability and Compliance Group
Manager	Reliability and Compliance Group
Analyst	Reliability and Compliance Group
Manager	Licensing
Asst. Electrical Chief Engineer	Engineering
Senior System Engineer	Engineering
System Engineer	Engineering

## Audit Results

- FPL-DA provided the audit team with supporting documentation for review prior to the conference call. The team received approximately 90% of the supporting documentation needed for evidence. The audit team spent the two days prior to the conference call reviewing the supplied documentation. As a result of reviewing this evidence, the audit team developed questions for the subject matter experts and a list of additional required documentation.
- FPL-DA provided the requested additional documents within the next 2 business days.
- FPL-DA personnel were allowed to speak freely without interruption from management during the subject matter expert interviews.
- The audit team utilized the Reliability Standard Auditor Worksheets (RSAW) in order to assess compliance of the reliability standards. The primary questions of the subject matters were documented in addition to the requests for additional evidence.
- Requests were made to see dated or “Effective” versions of documents when the submitted documents had no dates or “Draft” printed on them. FPL-DA was able to provide these documents.

*Findings*

## Compliance Audit

Conducted On: **August 7, 2008**

Entity: **FPL Energy Duane Arnold**

Address: **700 Universe Blvd, Juno Beach, FL 33408**

NERC Compliance Registry ID: **NCR10019**

<b>Standard Requirement</b>	<b>Compliant</b>
BAL-005-0 R1	Yes
CIP-001-1 R1	Yes
CIP-001-1 R2	Yes
CIP-001-1 R3	Yes
CIP-001-1 R4	Yes
COM-002-2 R1	Yes
EOP-004-1 R2	Yes
EOP-004-1 R3	Yes
EOP-009-0 R1	Yes
EOP-009-0 R2	Yes
FAC-008-1 R1	Yes
FAC-008-1 R2	Yes
FAC-008-1 R3	Yes
FAC-009-1 R1	Yes
FAC-009-1 R2	Yes
IRO-001-1 R8	Yes
IRO-004-1 R4	Yes
IRO-005-1 R13	Yes
PRC-004-1 R2	Yes
PRC-004-1 R3	Yes
PRC-005-1 R1	Yes
PRC-005-1 R2	Yes
PRC-016-0 R1	Yes
PRC-016-0 R2	Yes
PRC-016-0 R3	Yes
PRC-017-0 R1	Yes
PRC-017-0 R2	Yes
TOP-002-2 R13	Yes
TOP-002-2 R14	Yes
TOP-002-2 R15	Yes
TOP-002-2 R18	Yes
TOP-002-2 R3	Yes
TOP-003-0 R1	Yes
TOP-003-0 R2	Yes
TOP-003-0 R3	Yes
VAR-002-1 R1	Yes
VAR-002-1 R2	Yes
VAR-002-1 R3	Yes
VAR-002-1 R4	Yes
VAR-002-1 R5	Yes

***Compliance Culture***

The FPL-DA compliance culture was not reviewed by the audit team.