



# **Compliance Audit Report Public Version**

**Whitewater Operating Services, LLC  
NERC ID# NCR10156**

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

**Date of Audit: May 27-June 6, 2008**

**Date of Audit Report: July 2, 2008**

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## Executive Summary

An off-site compliance audit of Whitewater Operating Services, LLC was conducted from May 27, 2008 to June 6, 2008 at the offices of ReliabilityFirst Corporation. At the time of the audit, Whitewater Operating Services, LLC was registered for the Generator Operator (GOP) function.

The audit team evaluated Whitewater Operating Services, LLC for compliance with thirteen (13) NERC Reliability Standards for the period of June 18, 2007 to June 6, 2008. Whitewater Operating Services, LLC submitted information and documentation to aid the audit team's evaluation of compliance with standards. The audit team reviewed and evaluated all information provided by Whitewater Operating Services, LLC to assess compliance with standards applicable to the GOP function.

Based on the information and documentation provided by Whitewater Operating Services, LLC, the audit team made the following determinations: one (1) NERC Reliability Standard was determined to be not applicable to Whitewater Operating Services, LLC. Whitewater Operating Services, LLC was found to be compliant with twelve (12) applicable NERC Reliability Standards. The audit team did not identify any possible compliance violations of NERC Reliability Standards. These results are listed in the Findings in the Audit Results section of this report.

There were no ongoing mitigation plans and therefore none were reviewed by the audit team.

## Audit Process

The compliance audit process steps are detailed in the NERC and ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). The NERC and ReliabilityFirst CMEP generally conform 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. The audit objectives are to:

- Review Whitewater Operating Services, LLC compliance with the requirements of Reliability Standards that are applicable to Whitewater Operating Services, LLC, based on the functions that Whitewater Operating Services, LLC is registered to perform.
- Validate compliance with applicable Reliability Standards from the NERC 2008 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by ReliabilityFirst.

- Validate compliance with applicable regional standards from the Reliability*First* 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 compliance program and culture of Whitewater Operating Services, LLC.

### **Scope**

The scope of the compliance audit included applicable NERC Reliability Standards in the NERC 2008 Implementation Plan and additional NERC Reliability Standards selected by Reliability*First*.

At the time of the audit, Whitewater Operating Services, LLC was registered for the Generator Operator (GOP) function. The audit team evaluated Whitewater Operating Services, LLC for compliance with thirteen (13) NERC Reliability Standards for the period of June 18, 2007 to June 6, 2008.

### **Confidentiality and Conflict of Interest**

Confidentiality and Conflict of Interest of the audit team are governed under the Reliability*First* Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. Whitewater Operating Services, LLC was informed of the Reliability*First* obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to Whitewater Operating Services, LLC. Whitewater Operating Services, LLC 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 an audit team member's impartial performance of duties. The work history for one of the audit team members was provided immediately prior to the Opening Briefing. Whitewater Operating Services, LLC had not submitted any objections by the stated fifteen day objection due date and did not object to the audit team member introduced during the Opening Briefing. Whitewater Operating Services, LLC accepted the audit team member participants without objection.

### **Off-site Audit**

Whitewater Operating Services, LLC is currently subject to a compliance audit at a minimum of once every six years. Whitewater Operating Services, LLC was provided with a sixty (60) day notification of this scheduled audit and at that time, all necessary documents required by the Reliability*First* audit process were provided. The following documents were provided to Whitewater Operating Services, LLC as part of the notification:

- 60-day Notification letter which contained a request for evidence, information and data submittals
- Audit Survey
- Audit Agenda as applicable
- 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 Whitewater Operating Services, LLC in both electronic and hardcopy format.

Reliability*First* discussed the usage of technical experts with Whitewater Operating Services, LLC and allowed the usage of technical experts by Whitewater Operating Services, LLC as it deemed necessary to provide the audit team an understanding of the evidence provided to demonstrate their compliance to the standards.

An audit agenda was provided to Whitewater Operating Services, LLC in advance to allow the necessary time to prepare for the audit. Whitewater Operating Services, LLC's cooperation and flexibility with the agenda was appreciated by the audit team.

At times, and according to the generally accepted government auditing standard 3.31, auditors are required to use professional judgment in planning, performing audits, attestation engagements and in reporting the results.

Additionally, and with the generally accepted government auditing standard 3.39, while this standard places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud.

Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

### ***Methodology***

Reliability*First* staff conducted the audit off-site. The audit team reviewed the information, evidence and data submitted by Whitewater Operating Services, LLC and assessed compliance with requirements of applicable Reliability Standards. The audit team requested and received, via

email and phone conversations, additional information and clarification when the audit team determined it was necessary.

### ***Opening Briefing***

An Opening Briefing was conducted on May 27, 2008 via a conference call/Webex utilizing a PowerPoint presentation to discuss the following:

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

### ***Audit***

The Audit team consisted of one ReliabilityFirst Compliance staff member and one contract auditor. The ReliabilityFirst Compliance staff member was designated as the audit team lead responsible for facilitating the audit process, serving as the primary contact person for the audit team, and completing the audit report. The audit team worked together to review evidence provided by Whitewater Operating Services, LLC and assessed compliance with the requirements of the standards that were audited. Requests for additional information, verification and clarification were communicated to the Whitewater Operating Services, LLC primary contact through phone conversations and/or email. Whitewater Operating Services, LLC was NOT permitted to create new documents and or edit existing material and or documents that were previously provided as evidence.

### ***Exit Briefing***

The audit team conducted an exit briefing with Whitewater Operating Services, LLC on June 6, 2008 via a conference call/Webex utilizing a PowerPoint presentation. The primary and alternate compliance contacts for Whitewater Operating Services, LLC participated in the exit briefing. The status of the off-site audit process was discussed, followed by audit scope, preliminary audit findings addressing possible violations and their basis, recommendations, compliance audit report process, and feedback forms. No possible violations were identified during the audit and this was discussed with the preliminary results. Whitewater Operating Services, LLC was provided an opportunity to ask questions that the audit team addressed.

## Company Profile

At the time of the audit, Whitewater Operating Services, LLC was registered for the Generator Operator (GOP) function. Whitewater Operating Services, LLC is the operator for the LSP-Whitewater, LP cogeneration facility that was commissioned in 1997. The plant consists of a combined cycle combustion turbine capable of burning natural gas or fuel oil and a steam driven turbine.

## Audit Specifics

The compliance audit was conducted from May 27, 2008 to June 6, 2008 at the ReliabilityFirst office in Akron, Ohio.

## Audit Team Participants

Audit Team Role	Title	Company
Team Lead	Senior Consultant	ReliabilityFirst
Team Member	Consultant	Scott Porteous and Associates

## Whitewater Operating Services, LLC Audit Participants

Title	Organization
General Manager	Whitewater Operating Services, LLC
Compliance Supervisor	Whitewater Operating Services, LLC

## Audit Results

The audit team evaluated Whitewater Operating Services, LLC's compliance with thirteen (13) NERC Reliability Standards for the period since June 18, 2007. The audit team used data provided by Whitewater Operating Services, LLC to determine compliance with standards. Based on information provided by Whitewater Operating Services, LLC, of the thirteen (13) Reliability Standards audited, one (1) was determined to be not applicable. The audit team determined that Whitewater Operating Services, LLC was compliant with twelve (12) NERC Reliability Standards. The audit team found that Whitewater Operating Services, LLC did not have any possible violations of NERC Reliability Standards that were within the scope of the compliance audit.

The audit team carefully and methodically reviewed the submitted evidence and discussed findings as a team to determine if the evidence met the requirements of the Reliability Standards.

If the evidence was inadequate or did not cover all of the requirements in the Reliability Standard, the audit team asked for additional evidence and/or clarification. Whitewater Operating Services, LLC provided a primary compliance contact for clarification through phone conversations and e-mail correspondence. Throughout the audit, the audit team members took notes on findings of evidence of compliance.

The audit team reviewed documentation in hardcopy and electronic forms provided by Whitewater Operating Services, LLC.

### **Findings**

The following table summarizes the findings for compliance with the Reliability Standards listed in the NERC 2008 Implementation Plan and/or selected for this audit:

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-005-0	R1.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant

TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-006-1	R1.1	Compliant
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R5.	Compliant

### **Compliance Culture**

As part of the Compliance Audit Questionnaire, Whitewater Operating Services, LLC indicated that they have an internal compliance program - The Cogentrix NERC and Regional Reliability Standard Compliance Program and Implementation Policy. This document was provided to the audit team for review. An internal Reliability Standards Compliance Group was established to conduct on-site audits, discuss interpretations of standards, review RSAWS, share lessons learned from other compliance audits and discuss program improvements. The Compliance Program and associated material have been reviewed by the plant staff.

In the event of a violation, Reliability*First* will review additional aspects of Whitewater Operating Services, LLC's compliance program and culture.