



# **Compliance Audit Report Public Version**

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

**Electric Energy, Inc.  
NCR01230  
October 20-22, 2008**

**November 13, 2008**

## TABLE OF CONTENTS

Executive Summary .....	3
Audit Process .....	4
<i>Objectives</i> .....	4
<i>Scope</i> .....	4
<i>Confidentiality and Conflict of Interest</i> .....	4
<i>On-site Audit</i> .....	4
<i>Methodology</i> .....	5
<i>Audit Overview</i> .....	5
<i>Audit</i> .....	6
<i>Exit Briefing</i> .....	6
<i>Company Profile</i> .....	6
<i>Audit Specifics</i> .....	7
Audit Results .....	8
<i>Findings</i> .....	8
<i>Compliance Culture</i> .....	14

## 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.

Electric Energy, Inc (EEI) was audited on October 20-22, 2008 for compliance with the requirements contained in the currently mandatory and enforceable Reliability Standards in the 2008 NERC Compliance Monitoring and Enforcement Program (CMEP) that are applicable to EEI's registered functions. EEI is registered with SERC Reliability Corporation (SERC) as a Balancing Authority (BA), Transmission Owner (TO), Transmission Operator (TOP), Transmission Planner (TP), Generator Owner (GO), Generator Operator (GOP) and Planning Authority (PA). Forty-eight standards were selected and identified to EEI as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of EEI, and did not include any evidence obtained through system observation or inspection. The findings of the audit are based on the state of compliance and current mitigation activity at the time of the audit, and do not reflect past compliance activities or activities that will be completed in the future. EEI staff was requested to provide an informational presentation on their progress with implementation of Cyber Security Standards CIP-002-1 through CIP-009-1.

EEI staff was requested to provide valid evidence of meeting each and every applicable requirement and sub-requirement contained in each standard that had been previously identified by SERC Compliance staff to EEI as subject to this audit. EEI staff responded by providing evidence in the form of reports, procedures, studies and other documents. EEI staff then cited specific portions of the evidence that demonstrated compliance. This evidence and the citations were documented and evaluated by the audit team to assess the level of compliance. If all of the requirements and sub-requirements of an audited standard were met, then EEI was judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then EEI was judged to have a possible violation of the standard. A score of 100% is required for compliance.

The audit team determined that EEI does not own or operate blackstart generating units, Under Voltage Load Shedding, Under Frequency Load Shedding or Special Protection Systems and therefore, nine standards applicable to EEI as registered were not applicable. These standards are; EOP-003-1, EOP-009-0, FAC-003-1, PRC-008-0, PRC-010-0, PRC-011-0, PRC-016-0, PRC-017-0 and PRC-021-1.

EEI was found to be in compliance with all but one of the standards that were audited. The audit team identified a possible violation of PER-002-0 Operating Personnel Training, Requirement 3.1. The audit team also reviewed information submitted by EEI Staff concerning a possible violation on 9/24/2008 of BAL-002, Requirement 4. EEI self-reported this possible violation on October 17, 2008 and SERC staff is reviewing.

This audit report includes information about how far EEI missed the requirements for the possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the SERC CMEP. Any further actions related to possible compliance violations will be through that process.

## 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.<sup>1</sup> The audit objectives are:

- Independently review EEI compliance with the requirements of the Reliability Standards that are applicable to EEI based on the EEI 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 EEI compliance culture.

### **Scope**

The scope of the audit of EEI included all monitored standards that are in the NERC 2008 CMEP. Based on the confirmed registration of EEI, the 48 Reliability Standards previously identified were the focus of the compliance audit. Of these standards, nine standards; EOP-003-1, EOP-009-0, FAC-003-1, PRC-008-0, PRC-010-0, PRC-011-0, PRC-016-0, PRC-017-0 and PRC-021-1 were not assessed. This is detailed in the Audit Results section.

Note: For the 2008 compliance program, the monitoring period for the compliance audit will generally be the past 12 months or periods specified in individual Reliability Standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

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

Code of conduct documentation for the NERC representative and regional entity staff were provided to EEI in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to EEI upon request. SERC has confirmed that confidentiality agreements have been executed by, and are on file for SERC Industry Volunteers. EEI 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. EEI accepted the audit team member participants with no objections.

### **On-site Audit**

EEI was contacted by letter on May 2, 2008 by SERC staff. The letter provided EEI with their initial notification of their upcoming audit in 2008, and the desire to schedule audit dates that would be acceptable to both parties. SERC staff then provided formal acknowledgement of the scheduled audit dates and requested that EEI both verify their currently registered functions and complete and return an attached Pre-Audit Survey within 30 days.

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

On July 24, 2008, SERC staff forwarded an Audit Detail Letter to EEI, again confirming the scheduled audit dates and confirming EEI's registered functions within SERC. The Audit Detail Letter also provided EEI with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that EEI Subject Matter Experts (SMEs) responsible for and knowledgeable of compliance submittals be available for interview during the audit. In addition to the Audit Detail Letter, EEI was provided with a Non-Disclosure Agreement Signature Verification for audit team members, a Pre-Audit Questionnaire, a list of "Documents to be Provided or Have Available", and Reliability Standard Auditor Worksheets (RSAWs) for each standard to be audited.

Interviews with SMEs were requested, in conjunction with documented evidence, to provide the audit team with additional information or clarification as a basis for professional judgment when validating compliance with Reliability Standards.

### ***Methodology***

A team of auditors and SMEs were identified and conducted the audit of EEI. The standards were grouped and scheduled for review to make the most efficient use of EEI staff's time. The audit team moderator (ATL or designee) initiated dialogue on each standard requirement and requested compliance evidence. This evidence and EEI's staff response was documented. EEI staff was requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 48 standards that had been previously identified by SERC to EEI as subject to this audit. EEI staff responded by providing evidence in the form of reports, procedures, studies and other documents. EEI staff would then cite specific portions of the evidence that demonstrated compliance.

This evidence and the citations were documented by the scribe on the RSAWs and evaluated by the audit team for the level of compliance and agreement with the requirement. Discrepancies between the requirement and the evidence provided were the subject of dialogue among the team members and EEI staff members until it was determined that each requirement was met by the cited evidence or other evidence offered.

Once all the evidence was presented and discussed, if EEI did not provide sufficient evidence to support a finding of compliance, then a possible violation was identified by the team and EEI staff was informed.

### ***Audit Overview***

The audit team arrived at the EEI office at 2:55 p.m., October 20, 2008. Each member of the audit team was introduced and professional affiliation identified. The staff of EEI was introduced, and general housekeeping matters explained. At 3:15 p.m., on October 20, 2008, the ATL, began his opening presentation. He reviewed the NERC compliance plan for 2008 in general, and how it applied to EEI specifically. He introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of EEI staff and the quality of evidence to be presented. The ATL also covered the basic procedure for the audit, and the bounding rules of conduct. The EEI staff made a brief presentation describing EEI's corporate structure, compliance program and an informational overview of progress made toward implementation of the Cyber Security Standard requirements of CIP-002-1 through CIP-009-1. The staff of EEI was excused and the audit team reviewed team assignments and a general overview for preparation of the audit activities starting on the next day. The audit team left the EEI plant site at 4:30 p.m., October 20, 2008.

### **Audit**

The audit team arrived at the EEI plant at 7:50 a.m., October 21, 2008. The audit team was divided into two sub-teams. The audit sub-teams initially reviewed the registration status of EEI with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. EEI staff then presented evidence supporting requirement compliance, or cited evidence previously provided to the audit team. At that point, the evidence was reviewed and discussed until the team reached agreement on the evidence. By audit team consensus, a determination of compliance was reached for each of the requirements and communicated to EEI staff before proceeding to the next requirement. At that point the team scribe would record the evidence presented to satisfy the requirement and the team's recommendation on that requirement using the RSAW.

The review of all applicable standards was completed at 2:55 p.m., October 22, 2008 and the audit team met to review and discuss the findings. Following these discussions, the scribe collected all notes and evidence as needed and began to finalize the RSAW.

### **Exit Briefing**

The ATL presented an exit briefing to the assembled audit team and entity staff at 3:30 p.m., October 22, 2008. This was followed by an informal response and questions from the EEI staff. The exit briefing summarized the team's preliminary conclusions, including any items of potential noncompliance or possible violation with supporting information, areas of concern, any added information required and the expected timeline for review and issuance of the audit report.

The ATL solicited both informal comments from EEI staff, along with requesting that they fill out formal feedback forms for submission to NERC and SERC.

The audit team left the EEI meeting room at 4:25 p.m., October 22, 2008.

### **Company Profile**

Electric Energy, Inc. (EEI) received its charter from the State of Illinois on December 13, 1950, and is located on the north bank of the Ohio River, two miles west of Joppa, Illinois. The company was organized for the purpose of constructing, owning and operating electric power generating and transmission facilities to produce and supply electric power to a uranium processing plant located near Paducah, Kentucky. This uranium processing plant (the Paducah Project) was operated for the United States of America acting by and through the then-Atomic Energy Commission. The first generation of power by means of the facilities occurred on April 10, 1953, in the amount of 25 Megawatts (MW).

EEI was originally formed by five Sponsoring Companies. On May 1, 1957, one of the original Sponsoring Companies transferred its share to another sponsor. On October 6, 1997, a second original Sponsoring Company transferred its share to another company. On April 30, 2002, a third original Sponsoring Company transferred its share to another company. On September 30, 2004, one Sponsoring Company acquired another Sponsoring Company's share of EEI's stock, and on October 25, 2006, one Sponsoring Company transferred its share to another company creating the following ownership:

Ameren Energy Development Company .....	40%
Kentucky Utilities Company .....	20%
Union Electric Company .....	40%

In February 2008, EEI stock held by Union Electric Company and Ameren Energy Development Company was transferred to Ameren Energy Resources Company, LLC.

On December 22, 2005, the Company entered into a Power Sales Agreement with Ameren Energy Marketing Company (AEM), a wholesale and retail power marketing and trading subsidiary of Ameren Corporation, whereby the company will sell 100% of its capacity and energy to AEM. The Power Sales Agreement was amended in July 2006 and November 2006.

The company's present gross generating capacity is 1,162 MW. Of this capacity 1,086 MW is steam generation from Joppa Station and 76 MW is combustion turbine generation from Midwest Electric Power, Inc. Transmission facilities of the company are interconnected with those of its Sponsors and AEM by means of 230 Kilovolt (kV) and 161 kV transmission lines. The DOE's Paducah Project is connected by means of six 161 kV transmission lines.

**Audit Specifics**

The compliance audit was conducted on October 20-22, 2008 at the EEI office in Joppa, IL.

**Audit Team**

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead	Senior Compliance Auditor	SERC
Member	Senior Compliance Auditor	SERC
Member	Compliance and Reliability Specialist	SERC
Member	Compliance Auditor	SERC
Member	Manager, Training Services	SERC
Member	SERC Industry Subject Matter Expert	GPCO
Member	SERC Industry Subject Matter Expert	TVA

**EEI Audit Participants Title and Organization**

<b>Title</b>	<b>EEI Organization</b>
President	EEI
Manager, Generation	Generation
Sr. Training Supervisor	Training
Consultant	Technical Services
Systems Supervisor	Systems
Supervising Engineer, Electrical	Technical Services
Consultant	Technical Services
Electrical Engineer	Technical Services
Quality Services Coordinator	EEI
Manager Management Services	EEI

## AUDIT RESULTS

The audit team found EEI to be in compliance with all of the NERC Reliability Standards in the audit scope, with the exception of a possible violation of PER-002-1, Requirement 3.1 – Please see Findings Table below.

### *Findings*

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-001-0	R1.	Compliant
BAL-001-0	R2.	Compliant
BAL-001-0	R3.	Compliant
BAL-001-0	R4.	Compliant
BAL-002-0	R1.	Compliant
BAL-002-0	R2.	N/A
BAL-002-0	R3.	Compliant
BAL-002-0	R4.	Compliant
BAL-002-0	R5.	N/A
BAL-002-0	R6.	Compliant
BAL-003-0	R1.	Compliant
BAL-003-0	R2.	Compliant
BAL-003-0	R3.	Compliant
BAL-003-0	R4.	Compliant
BAL-003-0	R5.	Compliant
BAL-003-0	R6.	Compliant
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A
BAL-004-0	R3.	Compliant
BAL-004-0	R4.	N/A
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	Compliant
BAL-005-0	R3.	Compliant
BAL-005-0	R4.	Compliant
BAL-005-0	R5.	Compliant
BAL-005-0	R6.	Compliant
BAL-005-0	R7.	Compliant
BAL-005-0	R8.	Compliant
BAL-005-0	R9.	Compliant
BAL-005-0	R10.	Compliant
BAL-005-0	R11.	Compliant
BAL-005-0	R12.	Compliant
BAL-005-0	R13.	Compliant
BAL-005-0	R14.	Compliant
BAL-005-0	R15.	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-005-0	R16.	Compliant
BAL-005-0	R17.	Compliant
BAL-006-1	R1.	Compliant
BAL-006-1	R2.	Compliant
BAL-006-1	R3.	Compliant
BAL-006-1	R4.	Compliant
BAL-006-1	R5.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002-1 through CIP-009-1		
COM-001-1	R1.	Compliant
COM-001-1	R2.	Compliant
COM-001-1	R3.	Compliant
COM-001-1	R4.	Compliant
COM-001-1	R5.	Compliant
COM-001-1	R6.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	Compliant
EOP-001-0	R1.	Compliant
EOP-001-0	R2.	Compliant
EOP-001-0	R3.	Compliant
EOP-001-0	R4.	Compliant
EOP-001-0	R5.	Compliant
EOP-001-0	R6.	Compliant
EOP-001-0	R7.	Compliant
EOP-002-2	R1.	Compliant
EOP-002-2	R2.	Compliant
EOP-002-2	R3.	Compliant
EOP-002-2	R4.	Compliant
EOP-002-2	R5.	Compliant
EOP-002-2	R6.	Compliant
EOP-002-2	R7.	Compliant
EOP-002-2	R8.	N/A
EOP-002-2	R9.	N/A
EOP-003-1	R1.	N/A
EOP-003-1	R2.	N/A
EOP-003-1	R3.	N/A
EOP-003-1	R4.	N/A
EOP-003-1	R5.	N/A
EOP-003-1	R6.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
EOP-003-1	R7.	N/A
EOP-003-1	R8.	N/A
EOP-004-1	R1.	N/A
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-004-1	R4.	N/A
EOP-004-1	R5.	N/A
EOP-005-1	R1.	Compliant
EOP-005-1	R2.	Compliant
EOP-005-1	R3.	Compliant
EOP-005-1	R4.	Compliant
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R8.	Compliant
EOP-005-1	R9.	Compliant
EOP-005-1	R10.	Compliant
EOP-005-1	R11.	Compliant
EOP-006-1	R1.	N/A
EOP-006-1	R2.	N/A
EOP-006-1	R3.	N/A
EOP-006-1	R4.	N/A
EOP-006-1	R5.	N/A
EOP-006-1	R6.	N/A
EOP-008-0	R1.	Compliant
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-003-1	R1.	N/A
FAC-003-1	R2.	N/A
FAC-003-1	R3.	N/A
FAC-003-1	R4.	N/A
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
FAC-013-1	R1.	Compliant
FAC-013-1	R2.	Compliant
INT-001-3	R1.	N/A
INT-001-3	R2.	N/A
INT-003-2	R1.	Compliant
INT-004-1	R1.	Compliant
INT-004-1	R2.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
IRO-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	N/A
IRO-001-1	R4.	N/A
IRO-001-1	R5.	N/A
IRO-001-1	R6.	N/A
IRO-001-1	R7.	N/A
IRO-001-1	R8.	Compliant
IRO-001-1	R9.	N/A
IRO-003-2	R1.	N/A
IRO-003-2	R2.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	Compliant
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	Compliant
IRO-005-1	R1.	N/A
IRO-005-1	R2.	N/A
IRO-005-1	R3.	N/A
IRO-005-1	R4.	N/A
IRO-005-1	R5.	N/A
IRO-005-1	R6.	N/A
IRO-005-1	R7.	N/A
IRO-005-1	R8.	Compliant
IRO-005-1	R9.	N/A
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	N/A
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	N/A
IRO-005-1	R15.	N/A
IRO-005-1	R16.	N/A
IRO-005-1	R17.	N/A
IRO-006-3	R1.	N/A
IRO-006-3	R2.	N/A
IRO-006-3	R3.	N/A
IRO-006-3	R4.	N/A
IRO-006-3	R5.	N/A
IRO-006-3	R6.	Compliant
IRO-014-1	R1.	N/A
IRO-014-1	R2.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
IRO-014-1	R3.	N/A
IRO-014-1	R4.	N/A
IRO-015-1	R1.	N/A
IRO-015-1	R2.	N/A
IRO-015-1	R3.	N/A
IRO-016-1	R1.	N/A
IRO-016-1	R2.	N/A
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R3.	Possible Violation
PER-002-0	R4.	Compliant
PER-003-0	R1.	Compliant
PER-004-1	R1.	N/A
PER-004-1	R2.	N/A
PER-004-1	R3.	N/A
PER-004-1	R4.	N/A
PER-004-1	R5.	N/A
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	N/A
PRC-008-0	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-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
TOP-002-2	R1.	Compliant
TOP-002-2	R2.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
TOP-002-2	R5.	Compliant
TOP-002-2	R6.	Compliant
TOP-002-2	R7.	Compliant
TOP-002-2	R8.	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
TOP-002-2	R9.	Compliant
TOP-002-2	R10.	Compliant
TOP-002-2	R11.	Compliant
TOP-002-2	R12.	N/A
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	Compliant
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
TOP-004-1	R1.	Compliant
TOP-004-1	R2.	Compliant
TOP-004-1	R3.	Compliant
TOP-004-1	R4.	Compliant
TOP-004-1	R5.	Compliant
TOP-004-1	R6.	Compliant
TOP-005-1	R1.	Compliant
TOP-005-1	R2.	N/A
TOP-005-1	R3.	Compliant
TOP-005-1	R4.	N/A
TOP-007-0	R1.	Compliant
TOP-007-0	R2.	Compliant
TOP-007-0	R3.	Compliant
TOP-007-0	R4.	N/A
TPL-001-0	R1.	Compliant
TPL-001-0	R2.	Compliant
TPL-001-0	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant
TPL-004-0	R1.	Compliant
TPL-004-0	R2.	Compliant
VAR-001-1	R1.	Compliant
VAR-001-1	R2.	Compliant
VAR-001-1	R3.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
VAR-001-1	R4.	Compliant
VAR-001-1	R5.	N/A
VAR-001-1	R6.	Compliant
VAR-001-1	R7.	Compliant
VAR-001-1	R8.	Compliant
VAR-001-1	R9.	Compliant
VAR-001-1	R10.	Compliant
VAR-001-1	R11.	Compliant
VAR-001-1	R12.	Compliant
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

### ***Compliance Culture***

Information regarding the compliance culture of EEI was obtained from the Pre-Audit Compliance Survey, Compliance Program Survey, and Pre-Audit Questionnaires that were completed by EEI prior to the audit.

## ***Determination Summary for Possible Violations Identified in an Audit***

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***Regional Tracking Number***      08-145  
***Entity***                              Electric Energy, Inc.  
***Audit Date***                        10/22/2008  
***Standard***                            PER-002-0  
***Requirement***                      3.1

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***Sufficient Basis for Violation***     

***Factual Basis***                              Entity provided two separate training program documents for review: the first document (1) was dated January 26, 1999; and the second document (2) was dated August 25, 2008. Training objectives could not be identified by the audit team in review of document (1) from June 18, 2007 to August 25, 2008. The current document (2) meets all of the requirements of PER-002-0. EEI revised its Training Program on August 25, 2008 including the training objectives. The SERC audit team found the training objectives in the August 25, 2008 Training Program met the PER-002-0 R3.1 requirement.

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***Conclusion Violation Summary***                              Entity was in violation of PER-002-0, R3.1 during the period from June 18, 2007, when the standard became enforceable, until August 25, 2008, when Entity's training program document was revised, for failure to have a set of training program objectives referencing the knowledge and competencies needed to apply standards, procedures, and requirements to normal, emergency, and restoration conditions. A VSL of LOWER is assessed, consistent with the FERC approved Violation Severity Level Matrix, because the responsible entity's training program objectives were incomplete. A VRF of MEDIUM is assigned consistent with the Commission approved Violation Risk Factor Matrix.

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***NERC BOTCC 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,<sup>11</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on December 9, 2009. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty, assessing a penalty of five thousand dollars (\$5,000) against EEI and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

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***NERC Violation Number***                              SERC200800227  
***NOC Number***                                NOC-165  
***NOP Number***                                NOC-165  
***FERC Docket Number***                              NP10-46-000