



Compliance Audit Report Public Version

**Hartwell Energy Limited Partnership
NCR01253
August 11-12, 2008**

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

September 3, 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.

Hartwell Energy Limited Partnership (Hartwell) was audited August 11-12, 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 Hartwell's registered functions. Hartwell is registered with SERC Reliability Corporation (SERC) as a Generator Operator (GOP) and a Generator Owner (GO). Seventeen standards were selected and identified to Hartwell as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of Hartwell, and did include some evidence obtained through system observation and 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. Hartwell staff was requested to provide an informational presentation on their progress with implementation of Cyber Security Standards CIP-002-1 through CIP-009-1.

Hartwell 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 Hartwell as subject to this audit. Hartwell staff responded by providing evidence in the form of reports, procedures, studies, and other documents. Hartwell 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 Hartwell was judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then Hartwell was judged to have a possible violation of the standard. A score of 100% is required for compliance.

The audit team found Hartwell to be in compliance with all of the NERC Reliability Standards in the audit scope.

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:

- Independently review Hartwell compliance with the requirements of the reliability standards that are applicable to Hartwell based on the Hartwell 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 Hartwell compliance culture.

Scope

The scope of the audit of Hartwell included all monitored standards that are in the NERC 2008 CMEP. Based on the confirmed registration of Hartwell, the 17 Reliability Standards previously identified were the focus of the compliance audit. Of these 17 standards, 3 standards were not applicable: EOP-009-0, PRC-016-0 and PRC-017-0. 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 Hartwell in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to Hartwell upon request. SERC has confirmed that confidentiality agreements have been executed by, and are on file for SERC Industry Volunteers. Hartwell 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. Hartwell accepted the audit team member participants with no objections.

On-site Audit

Hartwell was contacted by letter on February 15, 2008 by SERC staff. The letter provided Hartwell 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 Hartwell both verify their currently registered functions and complete and return an attached Pre-Audit Survey within 30 days.

On May 16, 2008, SERC staff forwarded an Audit Detail Letter to Hartwell, again confirming the scheduled audit dates and confirming Hartwell's registered functions within SERC. The Audit Detail Letter also provided Hartwell with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that Hartwell 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, Hartwell was provided with a Non-Disclosure Agreement Signature Verification for audit team members, a Pre-Audit Questionnaire, a list of "Documentation and Evidence Requirements", 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 Hartwell. The standards were grouped and scheduled for review to make the most efficient use of Hartwell staff's time. The Audit Team Leader (ATL) initiated dialogue on each standard requirement and requested compliance evidence. This evidence and Hartwell's staff response was documented. Hartwell staff was requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 17 standards that had been previously identified by SERC to Hartwell as subject to this audit. Hartwell staff responded by providing evidence in the form of reports, procedures, studies, and other documents. Hartwell 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 Hartwell 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 Hartwell did not provide sufficient evidence to support a finding of compliance, then a possible violation was identified by the team and Hartwell staff was informed.

Audit Overview

The audit team arrived at the Hartwell plant at 2:53 p.m., August 11, 2008. Each member of the audit team was introduced and professional affiliation identified. The staff of Hartwell was introduced, and general housekeeping matters explained. At 3:25 p.m., on August 11, 2008, Mike Vastano, SERC Compliance Auditor and ATL, began his opening presentation. He reviewed the NERC compliance plan for 2008 in general, and how it applied to Hartwell specifically. He introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of Hartwell 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 Hartwell staff made a brief presentation describing Hartwell'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 Hartwell 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 Hartwell plant site at 5:26 p.m., August 11, 2008.

Audit

The audit team arrived at the Hartwell plant at 7:48 a.m., August 12 2008. The audit team initially reviewed the registration status of Hartwell with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. Hartwell 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 Hartwell 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 2:32 p.m., August 12, 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 RSAWs.

Exit Briefing

The ATL presented an exit briefing to the assembled audit team and entity staff at 3:29 p.m., August 12, 2008. This was followed by an informal response to questions from the Hartwell staff. The exit briefing summarized the team 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 Hartwell staff, along with requesting that they fill out formal feedback forms for submission to NERC and SERC.

The audit team left the Hartwell conference room at 4:09 p.m., August 12, 2008.

Company Profile

Hartwell Energy is a joint venture between International Power America and BiCent Power LLC. Hartwell Energy began commercial operations on April 8, 1994. All capacity and energy is contracted to Oglethorpe Power Corporation (OPC) through a PPA until 2019. Georgia Transmission Company (GTC) acts as Hartwell's Transmission Service Provider, Georgia System Operations Corporation acts as Hartwell's Transmission Operator, and Southern Company acts as Hartwell's Balancing Authority and the Southeastern Subregion Reliability Coordinator acts as their Reliability Coordinator. The Hartwell Energy Facility sits on 19 acres in Hart County, Georgia, and consists of two GE Frame 7FA simple cycle dual-fuel, natural gas and fuel oil units rated at over 300 MW. The Hartwell Substation is owned, operated and maintained by OPC, and has two interconnection points with GTC at 230 kV.

Audit Specifics

The compliance audit was conducted August 11-12, 2008 at the Hartwell plant in Hartwell, GA.

Audit Team

Audit Team Role	Name	Title	Company
Lead	Mike Vastano	Compliance Auditor	SERC
Member	Bob Goss	Manager, Compliance Audits	SERC
Member	Pat Huntley	Manager, Reliability Standards	SERC
Member	Kevin Berent	Associate Compliance Auditor	SERC
Member	Roger Lampila	Regional Compliance Program Coordinator	NERC
Member	Todd Thompson	Regional Compliance Program Coordinator	NERC

Hartwell Audit Participants Title and Organization

Title	Organization
Compliance Manager	International Power America
O&M Supervisor	International Power America
Plant Manager	International Power America
Senior Contract Administrator	Oglethorpe Power Company

AUDIT RESULTS

The audit team found Hartwell to be in compliance with all of the NERC Reliability Standards in the audit scope. Please see Findings Table below.

Findings

Reliability Standard	Requirement	Finding
BAL-001-0	R1.	N/A
BAL-001-0	R2.	N/A
BAL-001-0	R3.	N/A
BAL-001-0	R4.	N/A
BAL-002-0	R1.	N/A
BAL-002-0	R2.	N/A
BAL-002-0	R3.	N/A
BAL-002-0	R4.	N/A
BAL-002-0	R5.	N/A
BAL-002-0	R6.	N/A
BAL-003-0	R1.	N/A
BAL-003-0	R2.	N/A
BAL-003-0	R3.	N/A
BAL-003-0	R4.	N/A
BAL-003-0	R5.	N/A
BAL-003-0	R6.	N/A
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A
BAL-004-0	R3.	N/A
BAL-004-0	R4.	N/A
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	N/A
BAL-005-0	R3.	N/A
BAL-005-0	R4.	N/A
BAL-005-0	R5.	N/A
BAL-005-0	R6.	N/A
BAL-005-0	R7.	N/A
BAL-005-0	R8.	N/A
BAL-005-0	R9.	N/A

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Critical Energy Infrastructure Information) – Has Been Removed

Reliability Standard	Requirement	Finding
BAL-005-0	R10.	N/A
BAL-005-0	R11.	N/A
BAL-005-0	R12.	N/A
BAL-005-0	R13.	N/A
BAL-005-0	R14.	N/A
BAL-005-0	R15.	N/A
BAL-005-0	R16.	N/A
BAL-005-0	R17.	N/A
BAL-006-1	R1.	N/A
BAL-006-1	R2.	N/A
BAL-006-1	R3.	N/A
BAL-006-1	R4.	N/A
BAL-006-1	R5.	N/A
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	All	N/A
COM-001-1	R1.	N/A
COM-001-1	R2.	N/A
COM-001-1	R3.	N/A
COM-001-1	R4.	N/A
COM-001-1	R5.	N/A
COM-001-1	R6.	N/A
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
EOP-001-0	R1.	N/A
EOP-001-0	R2.	N/A
EOP-001-0	R3.	N/A
EOP-001-0	R4.	N/A
EOP-001-0	R5.	N/A
EOP-001-0	R6.	N/A
EOP-001-0	R7.	N/A
EOP-002-2	R1.	N/A
EOP-002-2	R2.	N/A
EOP-002-2	R3.	N/A
EOP-002-2	R4.	N/A
EOP-002-2	R5.	N/A
EOP-002-2	R6.	N/A
EOP-002-2	R7.	N/A
EOP-002-2	R8.	N/A
EOP-002-2	R9.	N/A

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Reliability Standard	Requirement	Finding
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
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.	N/A
EOP-005-1	R2.	N/A
EOP-005-1	R3.	N/A
EOP-005-1	R4.	N/A
EOP-005-1	R5.	N/A
EOP-005-1	R6.	N/A
EOP-005-1	R7.	N/A
EOP-005-1	R8.	N/A
EOP-005-1	R9.	N/A
EOP-005-1	R10.	N/A
EOP-005-1	R11.	N/A
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.	N/A
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

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Reliability Standard	Requirement	Finding
FAC-013-1	R1.	N/A
FAC-013-1	R2.	N/A
INT-001-2	R1.	N/A
INT-001-2	R2.	N/A
INT-003-2	R1.	N/A
INT-004-1	R1.	N/A
INT-004-1	R2.	N/A
IRO-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	Compliant
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.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
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.	N/A
IRO-005-1	R9.	Compliant
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

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Reliability Standard	Requirement	Finding
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.	N/A
IRO-014-1	R1.	N/A
IRO-014-1	R2.	N/A
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.	N/A
PER-002-0	R2.	N/A
PER-002-0	R3.	N/A
PER-002-0	R4.	N/A
PER-003-0	R1.	N/A
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.	N/A
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

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Reliability Standard	Requirement	Finding
PRC-021-1	R2.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
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.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	N/A
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.	N/A
TOP-004-1	R2.	N/A
TOP-004-1	R3.	N/A
TOP-004-1	R4.	N/A
TOP-004-1	R5.	N/A
TOP-004-1	R6.	N/A
TOP-005-1	R1.	N/A
TOP-005-1	R2.	N/A
TOP-005-1	R3.	N/A
TOP-005-1	R4.	N/A
TOP-007-0	R1.	N/A
TOP-007-0	R2.	N/A
TOP-007-0	R3.	N/A
TOP-007-0	R4.	N/A
TPL-001-0	R1.	N/A
TPL-001-0	R2.	N/A
TPL-001-0	R3.	N/A
TPL-002-0	R1.	N/A

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Reliability Standard	Requirement	Finding
TPL-002-0	R2.	N/A
TPL-002-0	R3.	N/A
TPL-003-0	R1.	N/A
TPL-003-0	R2.	N/A
TPL-003-0	R3.	N/A
TPL-004-0	R1.	N/A
TPL-004-0	R2.	N/A
VAR-001-1	R1.	N/A
VAR-001-1	R2.	N/A
VAR-001-1	R3.	N/A
VAR-001-1	R4.	N/A
VAR-001-1	R5.	N/A
VAR-001-1	R6.	N/A
VAR-001-1	R7.	N/A
VAR-001-1	R8.	N/A
VAR-001-1	R9.	N/A
VAR-001-1	R10.	N/A
VAR-001-1	R11.	N/A
VAR-001-1	R12.	N/A
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 Hartwell Energy was obtained from the Pre-Audit Compliance Survey, Compliance Program Survey, and Pre-Audit Questionnaires that were completed by Hartwell Energy prior to the audit.