



Compliance Audit Report Public Version

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**Mid-Continent Area Power Pool
NCR01009**

Audit Date: May 1-8, 2009

May 11, 2009

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Executive Summary

The Midwest Reliability Organization (MRO) conducted a compliance audit of Mid-Continent Area Power Pool (MAPP) as a part of its normal six year cycle. Review of documentation submitted by MAPP took place at the MRO offices on May 1, 2009. The team conducted an audit on May 8, 2009 at the MAPP office. The audit team consisted of two 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 2009 Implementation Plan. NERC has identified 49 standards as “actively monitored” which contain 418 requirements.

At the time the audit packet was sent, MAPP was registered with MRO as responsible for two functions; Planning Authority (PA) and Reserve Sharing Group (RSG). As of April 14, 2009, the RSG function was removed from their registered functions. As a result of these registrations and for this audit, MAPP is responsible for meeting compliance with six Reliability Standards that contain eight requirements. MAPP is found to be in full compliance with all eight requirements.

As a part of the audit process, MAPP completed the Compliance Questionnaires 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 on-site audit, the MAPP 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 MAPP Compliance Audit was conducted as a part of its normal six year cycle. The 2009 Compliance Program consists of 49 actively monitored Standards. 43 of these Standards were deemed not applicable and are related to functions other than PA and RSG. 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.¹ The audit objectives are:

- Independently review MAPP's compliance with the Requirements of the Reliability Standards that are applicable to MAPP based on MAPP's registered function.
- Validate compliance with applicable Reliability Standards from the NERC 2009 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 MAPP Compliance Audit was conducted as a part of its normal six year cycle. The audit was conducted under the guidelines of the 2009 CMEP. All applicable NERC standards were reviewed during this audit.

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.

¹ 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

In February 2008, the MRO scheduled MAPP to receive a compliance audit the week of May 4, 2009 as a part of their normal six year cycle. On March 2, 2009 the MRO sent MAPP 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 *2009 Compliance Questionnaires*.

Audit

Two weeks prior to the audit, MAPP supplied MRO with 98% 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 Compliance Questionnaire responses provided by MAPP.

After evaluation of the supporting documentation, a set of questions was developed to be posed to subject matter experts for MAPP and missing supporting evidence was identified. During the on-site audit, 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 Standard were requested to be available: BAL-002, FAC-010, FAC-014 and the TPL standards.

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

Exit Briefing

Upon completion of the subject matter expert interviews, the MRO audit team was satisfied with the results of the interviews and documentation provided to find MAPP in full compliance of the eight NERC requirements being audited. The MRO then commenced with the exit briefing with MAPP's approval.

Company Profile

The Mid-Continent Area Power Pool (MAPP) is an association of electric utilities and other electric industry participants. MAPP was organized in 1972 for the purpose of pooling generation and transmission.

MAPP membership is voluntary and includes electric utilities and other industry participants who have interests in the Upper Midwest.

Its members are investor-owned utilities, cooperatives, municipals, public power districts, a power marketing agency, power marketers, regulatory agencies, and independent power producers from the following states and province: Minnesota, Nebraska, North Dakota, Manitoba and parts of Wisconsin, Montana, Iowa and South Dakota. MAPP serves over 16 million people and covers nearly 1,000,000 square miles. MAPP Members have a combined installed capacity of about 40,000 MW with a composite summer peak load of approximately 33,500 MW and a composite winter load of approximately 29,000 MW. Generating resources mix is approximately 19% hydro, 8% nuclear, 48% coal, 23% gas and 2% other.

The MAPP organization has two primary functions: a regional transmission group, responsible for facilitating open access of the transmission system and a generation reserve sharing pool which provides efficient and available generation to meet regional demands. These functions assure efficient and economical power in the upper Midwest for the industry and the public interests. MAPP does not operate or direct operations of any transmission or generation resources.

At the time this audit was scheduled, MAPP was registered as an RSG. As of January 6, 2009, MAPP no longer provides operating reserve sharing function, but continues to provide the planning reserve function which ensures generation adequacy for the region.

Audit Specifics

The compliance audit document review was conducted on May 1, 2009 at the MRO offices followed up with an on-site visit, May 11, 2009.

Audit Team

Title	Company
Compliance Audit Manager	MRO
Compliance Associate	MRO

MAPP Audit Participants

Title	MAPP Organization
Manager, Transmission Planning	MAPP
Director, Technical Services	MAPP
Engineer III	MAPP
Engineer I	MAPP
Senior Engineer	MAPP
Engineer II	MAPP
Principal Engineer	MAPP
Compliance Program Manager	MAPP
Chief Operating Officer	MAPP

Audit Results

- MAPP provided the audit team with supporting documentation for review prior to the on-site visit. The team received approximately 98% of the supporting documentation needed for evidence. The audit team spent the two days prior to the on-site visit reviewing the supplied documentation. As a result of reviewing this evidence, the audit team developed questions for the subject matter experts.
- MAPP 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.

Findings

Compliance Audit

Conducted On: **May 1-8, 2009**

Entity: **Mid-Continent Area Power Pool (MAPP)**

Address: **1970 Oakcrest Ave, Suite 200, Roseville, Minnesota 55113, United States**

NERC Compliance Registry ID: **NCR01009**

Standard Requirement	Compliant
BAL-002-0 R1	Yes
BAL-002-0 R2	Yes
BAL-002-0 R3	Yes
FAC-010-1 R2	Yes
FAC-014-1 R5	Yes
TPL-001-0 R1 TPL-002-0 R1 TPL-003-0 R1	Yes

Compliance Culture

Mid-Continent Area Power Pool completed the Internal Compliance Program Survey prior to the compliance audit.