



# **Compliance Audit Report Public Version**

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

**University Park Energy, LLC  
NCR00936**

**Date of Audit  
August 24 to September 4, 2009**

**Date of Report  
November 23, 2009**

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## Executive Summary

This 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.

An off-site compliance audit of University Park Energy, LLC (UPE) was conducted on August 24 to September 4, 2009. ReliabilityFirst conducts compliance audits as part of the ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). At the time of the audit, UPE, NERC ID NCR00936, was registered for the Generator Owner (GO) function that it performs in the ReliabilityFirst region.

ReliabilityFirst provided a 90 day notification to UPE which requested data and information to provide evidence of compliance with NERC Reliability Standards within the scope of the audit. UPE submitted material that the audit team reviewed and used to assess UPE's compliance with the NERC Reliability Standards. The audit team developed findings based on this review and assessment.

The audit team assessed UPE's compliance with 6 NERC Reliability Standards, which are applicable for the function UPE is registered to perform in the ReliabilityFirst region. The 6 NERC Reliability Standards include 11 requirements that are applicable to the GO function. The audit team also assessed compliance with one ReliabilityFirst Regional Standard that is applicable to the GO function. Of the 6 NERC Standards, 1 Standard and 1 associated requirement were determined to be not applicable to UPE.

The audit team did not identify any violations as a result of this review. UPE was found to be fully compliant with the 5 NERC Reliability Standards and the 10 requirements. UPE was also found to be fully compliant with the 1 ReliabilityFirst Regional Standard and 1 associated requirement.

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 ReliabilityFirst CMEP. The ReliabilityFirst CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

## **Objectives**

UPE is subject to audit for compliance with all Reliability Standards applicable to the functions for which it is registered.<sup>1</sup> The audit objectives are to:

- Review UPE's compliance with the requirements of the Reliability Standards that are applicable to UPE based on its 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 Standard, and review the status of associated mitigation plans
- Document UPE's internal compliance culture
- Validate compliance with other NERC Reliability Standards outside the 2009 implementation plan as selected by ReliabilityFirst
- Validate compliance with applicable ReliabilityFirst reliability standards that are applicable to UPE

## **Scope**

The scope of the audit included Reliability Standards which were selected by NERC for monitoring via audit in the 2009 CMEP Implementation Plan. ReliabilityFirst also monitored all applicable ReliabilityFirst standards, self certifications, and mitigation plans as appropriate for the period of June 18, 2007 through the date of the audit.

## **Confidentiality and Conflict of Interest**

Confidentiality and Conflict of Interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. UPE was informed of the ReliabilityFirst obligations and responsibilities under the agreement and procedures. The work history of each audit team member was provided to UPE. UPE 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. UPE did not submit any objections by the stated fifteen day objection due date and by this action has accepted the audit team member participants without objections. ReliabilityFirst found no conflict of interest for any of the audit team members.

## **Off-site Audit**

UPE is subject to an audit once every six years as provided by the NERC Rules of Procedure. UPE was provided a 90 day notification of this scheduled audit and at that time all necessary

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

documents required by the NERC and Reliability*First* audit process were provided. The following documents were provided as part of the notification:

- 90 day Notification letter which contained a request for evidence, information, and data submittals
- Compliance Audit Survey
- Audit Agenda as applicable
- Internal Compliance Survey
- Audit Team Work History and Confidentiality documents
- General Instructions of Data or Information Submittals
- Compliance Questionnaire and Reliability Standard Auditor Worksheets (QRSAWs)

Documents were provided to UPE in electronic format.

Reliability*First* discussed the use of technical experts with the UPE primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by UPE as it deemed necessary to explain their compliance to the Reliability Standards. As such, UPE had been notified to provide any technical experts or personnel that it deemed necessary in order to provide the Audit Team an understanding of the evidence provided to demonstrate compliance with Reliability Standards.

An audit agenda and/or schedule were provided to UPE in advance to allow the necessary time to prepare for the audit. UPE's cooperation and flexibility with the agenda was appreciated by the audit team.

The audit team reviewed UPE's compliance processes for all applicable standards with UPE and requested additional information to clarify information previously supplied to the team. These discussions in conjunction with evidence provided, supplied the audit team with a basis for using professional judgment when validating compliance to the Reliability Standards.

### **Methodology**

The audit team reviewed the evidence provided by UPE for each of the requirements that are applicable to the function performed by the company to determine if the company complied with those Reliability Standards and associated requirements. The team reviewed each requirement, discussed the levels of compliance and addressed each team member's observations from the audit to determine its findings from the review. The audit was conducted off-site in the Reliability*First* offices in Akron, Ohio.

### **Opening Briefing**

An Opening Briefing was conducted to discuss the following:

- Introduction of audit team

- Audit Objective and Scope
- Confidentiality of Information
- Audit Team Expectations
- Discussion on Clarification Calls
- Audit Process
- Exit Briefing and Schedule

### **Audit**

The audit team reviewed each requirement and the evidence provided to determine if UPE was compliant with the requirement. The team discussed its findings to determine UPE's compliance to each of the standards. Upon request, UPE provided additional information or clarified existing information during the review of its material.

### **Exit Briefing**

The audit team presented its preliminary findings to the UPE staff. The team lead explained the findings from the audit. The exit presentation also covered the reporting process going forward, confidentiality of information, and audit feedback forms that the region is using to improve the audit process. UPE was provided an opportunity to ask questions which the audit team addressed.

### **Company Profile**

UPE performs the following NERC functions in the ReliabilityFirst region and is registered with NERC/ReliabilityFirst for the following functions:

- Generator Owner (GO)

UPE, located north of Monee, Illinois, is a generation facility consisting of 6 Pratt & Whitney FT-8 twin packs that can provide 300 MW of power at 138 kV. UPE is connected via 2 Commonwealth Edison (ComEd) owned transmission lines to a ComEd substation less than a quarter mile away.

### **Audit Specifics**

The compliance audit was conducted on August 24 to September 4, 2009 at the ReliabilityFirst office in Akron, OH.

## Audit Team

Audit Team Role	Title	Company
Lead	Senior Compliance Consultant	ReliabilityFirst
Member	Consultant	ReliabilityFirst

## UPE Audit Participants

Title	Organization
Plant Manager	UPE
Lead Technician	UPE
Project Engineer	UPE
Manager O&M Support	UPE
Vice-President, Operations	UPE
Project Manager	UPE
Lead Technician	UPE
Technician	UPE
Plant Engineer	UPE

## Audit Results

The audit team assessed UPE's compliance with 6 NERC Reliability Standards and 11 associated requirements that are applicable to the GO function. The audit team also assessed compliance with one ReliabilityFirst Regional Standard that is applicable to the GO function.

Of the 6 NERC Standards, 1 Standard and 1 associated requirement were determined to be not applicable to UPE.

After reviewing all of the evidence presented, UPE was found to be compliant with 5 NERC Reliability Standards and 10 requirements that apply to UPE for the function of Generator Owner that it is registered to perform in the ReliabilityFirst region. UPE was also found to be fully compliant with the 1 ReliabilityFirst Regional Standard and 1 associated requirement.

## Findings

The following table details the auditor findings relating to evidence reviewed for compliance with the Reliability Standards within the scope of the compliance audit.

## UPE Off-Site Audit Findings Table

Reliability Standard	Requirement	Finding
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
IRO-004-1	R4	Compliant
PRC-004-1	R2	Compliant
PRC-004-1	R3	Compliant
PRC-005-1	R1	Compliant
PRC-005-1	R2	Compliant
PRC-017-0	R1	NA
EOP-007-RFC-01	R4	Compliant

## Compliance Culture

UPE's parent company is Tenaska Operations, Inc. (TOI). The Tenaska Reliability Standards Integrated Compliance Process (RSICP) is used by TOI management to ensure and verify compliance with the NERC Reliability Standards, as well as various Regional Reliability Standards. The GOP for UPE, NAES, has a NERC Reliability Compliance Policy which is used by their employees to ensure and verify compliance with the NERC Reliability Standards.

The RSICP is distributed to all TOI and appropriate Tenaska, Inc. employees that have a direct or indirect responsibility for TOI compliance with the Reliability Standards, as well as to those employees that are responsible for the administration of the program. Distribution includes NAES, the operator for this facility.

The Vice President, Operations is the Reliability Compliance Manager/Officer for the Tenaska plants. The RSICP oversight position is supervised by the President and CEO, Operations. The President and CEO, Operations, who is a member of the Executive Committee, has direct access to the Chairman and CEO of Tenaska, Inc. The RSICP oversight position attends regular meetings with the President and CEO, Operations and the Board of Stakeholders and is encouraged to discuss reliability and compliance matters with them.

The RSICP is operated and managed so as to be independent of those that are directly responsible for compliance with the NERC Reliability Standards. This independent management is achieved using two tiers of separation. First, the Vice President, Transmission does not report to the President and CEO, Operations or otherwise have direct responsibility for compliance with the Reliability Standards. The Vice President, Transmission has the responsibility for ensuring

that this internal compliance program is properly managed and administered through (a) participation in monthly conference calls, (b) review of internal audit findings, and (c) review and authorization of the RSICP semi-annually. Second, all internal compliance reviews by both TOI and NAES are conducted utilizing teams of personnel that do not have direct responsibility for compliance at the specific facility which is under review.

Internal compliance reviews are performed at all TOI sites annually to verify all potential violations are investigated by plant management, an associated event report is generated, and the reports are distributed to all TOI sites. The event reports will be analyzed and internal practices and procedures will be revised as appropriate to prevent the reoccurrence of violations. It is the responsibility of the Vice President, Operations to promptly report to NERC, as appropriate, all violations of NERC and RRO Reliability Standards.

The program is reviewed and approved semi-annually by the Vice President, Operations, or his designee. All TOI employees who have direct and indirect responsibility for compliance with the NERC and Regional Reliability Standards receive training annually.

The RSICP has the support of the Board of Stakeholders and Executive Committee. Senior management reviews and ensures corrective actions are taken regarding the program.