



# **Compliance Audit Report Public Version**

**South Mississippi Electric Power  
Association  
NCR01315  
November 9-12, 2009**

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

**March 10, 2010**

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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.

South Mississippi Electric Power Association (SMEPA) was audited on November 9-12, 2009 for compliance with the requirements contained in the currently mandatory and enforceable reliability standards in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP) that are applicable to SMEPA's registered functions. SMEPA is registered with SERC Reliability Corporation (SERC) as a Balancing Authority (BA), Distribution Provider (DP), Generator Owner (GO), Generator Operator (GOP), Interchange Authority (IA), Load-Serving Entity (LSE), Planning Authority (PA), Purchasing-Selling Entity (PSE), Resource Planner (RP), Transmission Owner (TO), Transmission Operator (TOP), and Transmission Planner (TP). Thirty-nine standards were selected and identified to SMEPA as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of SMEPA, 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.

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

Based on attestations provided by SMEPA, the audit team determined that SMEPA does not own or operate Special Protection Systems and therefore, one of the thirty-nine standards previously identified to SMEPA as in scope for the audit was not applicable. This standard is PRC-017-0.

The audit team found SMEPA 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.<sup>1</sup> The audit objectives are:

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

- Independently review SMEPA's compliance with the requirements of the reliability standards that are applicable to SMEPA based on the SMEPA registered functions.
- 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 SMEPA's compliance culture.

### **Scope**

The scope of the audit of SMEPA included all monitored standards in the NERC 2009 CMEP. Based on the confirmed registration of SMEPA, the 39 reliability standards previously identified were the focus of the compliance audit. Of these 39 standards PRC-017-0 was not applicable. This is detailed in the Audit Results section.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the lesser of: 1) Date of registration to current date; 2) Date of last audit or spot check to current date; or, 3) June 18, 2007 to current date. 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 regional entity staff were provided to SMEPA in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to SMEPA upon request. SERC has confirmed that confidentiality agreements have been executed by, and are on file for SERC Industry Subject Matter Experts (SME's) who participated in the audit. SMEPA 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. SMEPA accepted the audit team member participants with no objections.

### **On-site Audit**

SMEPA was contacted by letter on May 15, 2009 by SERC staff. The letter provided SMEPA with their initial notification of their upcoming audit in 2009, 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 SMEPA both verify their currently registered functions and complete and return an attached Pre-Audit Survey within 30 days.

On August 11, 2009, SERC staff forwarded an Audit Detail Letter to SMEPA, again confirming the scheduled audit dates and confirming SMEPA's registered functions within SERC. The Audit Detail Letter also provided SMEPA with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that SMEPA 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, SMEPA was provided with a Non-Disclosure Agreement Signature Verification for audit team members, a list of Documentation and Evidence Requirements, and Questionnaire and Reliability Standard Auditor Worksheets (QRSAs) for each standard to be audited.

Interviews with SMEs and SMEPA System Operators 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 Industry SMEs were identified and conducted the audit of SMEPA. The standards were grouped and scheduled for review to make the most efficient use of SMEPA staff's time. The audit team moderator (ATL or designee) initiated dialogue on each standard requirement and requested compliance evidence. SMEPA staff was requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 39 standards that had been previously identified by SERC to SMEPA as subject to this audit. SMEPA staff responded by providing evidence in the form of reports, procedures, studies, and other documents. SMEPA staff would then cite specific portions of the evidence that demonstrated compliance.

This evidence and the citations were documented by the audit team scribe on the QRSAs 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 SMEPA 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 SMEPA did not provide sufficient evidence to support a finding of compliance, then a possible violation was identified by the team and SMEPA staff was informed.

### ***Audit Overview***

The audit team arrived at the SMEPA offices at 2:45 PM, November 9, 2009. At 4:00 PM on November 9, 2009, the Audit Team Lead (ATL) began the session with an opening presentation. He reviewed the NERC compliance plan for 2009 in general, and how it applied to SMEPA specifically. The ATL introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of SMEPA 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. SMEPA staff made a brief presentation describing SMEPA's corporate structure and compliance program. The staff of SMEPA was introduced, and general housekeeping matters explained. The staff of SMEPA was excused and the audit team reviewed team assignments and a general overview for preparation of the audit activities. The audit team left the SMEPA office at 5:00 PM, November 9, 2009 to return the next day to start the review of the reliability standards in the audit scope.

### ***Audit***

The audit team arrived at the SMEPA office at 7:45 AM, November 10, 2009. The audit team was divided into two sub-teams. The audit team initially reviewed the registration status of SMEPA with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. SMEPA 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 SMEPA 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 QRSA.

The review of all applicable standards was completed at 12:01 PM, November 12, 2009 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 QRSAs.

### ***Exit Briefing***

The ATL presented an exit briefing to the assembled audit team and entity staff at 3:53 PM, November 12, 2009. This was followed by an informal response and questions from the SMEPA 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 informal comments from SMEPA staff, and requested that they fill out formal feedback forms for submission to NERC and SERC.

The ATL thanked SMEPA staff for their cooperation and support of the audit process.

The audit team left the SMEPA meeting room at 4:53 PM on November 12, 2009.

### ***Company Profile***

South Mississippi Electric Power Association (SMEPA) generates, transmits and sells electric energy on a wholesale basis to 11 Member distribution cooperatives. These Member systems own and maintain approximately 54,500 miles of distribution line and provide service to more than 400,000 homes and businesses in 56 of Mississippi's 82 counties (nearly 2/3 of the state's land mass).

SMEPA and its Members are consumer-owned, not-for-profit businesses; therefore, the rates of SMEPA reflect only the cost of supplying wholesale electric energy to these rural electric systems. The organization's headquarters is located on Highway 49 North in Hattiesburg.

The base load generating fleet of SMEPA includes a coal-fired plant near Purvis and a 10 percent undivided interest in the Grand Gulf Nuclear Station in Port Gibson. Gas-fired generation facilities, utilized to meet intermediate and peak demand, include steam and combustion turbine units near Moselle and a total of eight combustion turbine units located at Sylvarena, Silver Creek, Benndale, and Paulding. The modern transmission system delivers electric energy through 1,678 miles of high-voltage transmission lines

### ***Audit Specifics***

The compliance audit was conducted on November 9-12, 2009 at the SMEPA office in Hattiesburg, Mississippi.

### **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 Auditor	SERC
Member	Senior Compliance Auditor	SERC
Member	Senior Compliance Auditor	SERC

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Member	SERC Industry Subject Matter Expert	GSOC
Member	SERC Industry Subject Matter Expert	TVA
Member	SERC Industry Subject Matter Expert	Ameren Services Company
Member	SERC Industry Subject Matter Expert	Progress Energy Carolinas

### **SMEPA Audit Participants Titles and Organizations**

<b>Title</b>	<b>SMEPA Organization</b>
General Manager/CEO	SMEPA
Chief Operating Officer	SMEPA
Director of Operations and Planning	SMEPA
Chief of Transmission & Support Services	SMEPA
Chief Engineering Officer	SMEPA
Compliance Administrator	SMEPA
System Operations Manager	SMEPA
Supervisor of System Planning	SMEPA
Transmission Maintenance Manager	SMEPA
Director of Design Engineering	SMEPA
System Protection Manager	SMEPA
Substation and Communication Manager	SMEPA
Operations Supervisor	SMEPA
Transmission Planning Engineer	SMEPA
Operations Planning Engineer	SMEPA
Director of Control and Computer Systems	SMEPA
Control Systems Engineer	SMEPA
System Operator	SMEPA
System Operator	SMEPA

## **AUDIT RESULTS**

The audit team reviewed documents provided by SMEPA prior to the audit, as requested in the Documentation and Evidence Requirements section of SMEPA’s Compliance Audit Certification Letter. Review of these documents and of currently open or recently closed mitigation plans, pre-audit, helped to establish the audit team’s focus during the audit.

The audit team reviewed the evidence provided by SMEPA to substantiate compliance with each standard requirement. The team requested clarification and/or additional supporting and corroborating evidence, as required, to obtain sufficient and appropriate evidence to support a determination of compliance.

In instances where the evidence provided by SMEPA represented multiple facilities and/or large quantities of equipment, the audit team haphazardly selected evidence samples from the different facilities and/or equipment to facilitate a consensus agreement of the team that SMEPA is, in the team’s professional judgment, satisfactorily meeting the requirements of the standard or is in possible violation of the requirement.

If the audit team determined that the evidence provided by SMEPA was insufficient or inappropriate to substantiate a determination of compliance, the team immediately informed SMEPA’s Subject Matter Experts (SME) of this fact. Additionally, the ATL, through coordination

with SMEPA’s audit coordinator, ensured that SMEPA’s management was made aware of the potential for a finding of a possible violation in each instance, and of the basis for the team’s determination.

The ATL clearly identified the team’s findings of compliance and basis for their findings, areas of concern, and available remedies in an exit presentation to SMEPA’s management on completion of the audit.

The audit team documented their review and determination of compliance of each standard requirement on QRSAs. SMEPA’s policies, procedures, screenshots, operator logs, audio clips, correspondence and other evidence presented, as well as auditor comments and determinations of compliance documented on the QRSAs were used in formulating this report.

Prior to being forwarded to SERC’s Manager of Compliance Audits, or his designee, for review and approval as SERC’s Final Confidential Non-Public Audit Report of SMEPA, the content and accuracy of this report:

- Is reviewed and commented on by all audit team members
- Is reviewed by SMEPA’s management for correction and comment, and
- Is reviewed and approved by the Audit Team Lead.

Upon final disposition of any possible violations determined by the audit team, if any, and redaction of appropriate information contained herein, this report will be reviewed and approved by SERC’s Manager of Compliance Programs before being issued as SERC’s Final Public Audit Report of SMEPA.

### ***Findings***

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-001-0a	R1.	N/A
BAL-001-0a	R2.	N/A
BAL-001-0a	R3.	N/A
BAL-001-0a	R4.	N/A
BAL-002-0	R1.	Compliant
BAL-002-0	R2.	N/A
BAL-002-0	R3.	Compliant
BAL-002-0	R4.	N/A
BAL-002-0	R5.	N/A
BAL-002-0	R6.	N/A
BAL-003-0a	R1.	N/A
BAL-003-0a	R2.	N/A
BAL-003-0a	R3.	N/A
BAL-003-0a	R4.	N/A
BAL-003-0a	R5.	N/A
BAL-003-0a	R6.	N/A
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A

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Critical Energy Infrastructure Information) – Has Been Removed

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-004-0	R3.	N/A
BAL-004-0	R4.	N/A
BAL-005-0b	R1.	N/A
BAL-005-0b	R2.	Compliant
BAL-005-0b	R3.	N/A
BAL-005-0b	R4.	N/A
BAL-005-0b	R5.	N/A
BAL-005-0b	R6.	N/A
BAL-005-0b	R7.	N/A
BAL-005-0b	R8.	N/A
BAL-005-0b	R9.	N/A
BAL-005-0b	R10.	Compliant
BAL-005-0b	R11.	N/A
BAL-005-0b	R12.	N/A
BAL-005-0b	R13.	N/A
BAL-005-0b	R14.	N/A
BAL-005-0b	R15.	N/A
BAL-005-0b	R16.	N/A
BAL-005-0b	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		N/A
COM-001-1	R1.	Compliant
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.	Compliant
EOP-001-0	R2.	Compliant
EOP-001-0	R3.	Compliant
EOP-001-0	R4.	Compliant
EOP-001-0	R5.	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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.	Compliant
EOP-003-1	R1.	Compliant
EOP-003-1	R2.	Compliant
EOP-003-1	R3.	Compliant
EOP-003-1	R4.	Compliant
EOP-003-1	R5.	Compliant
EOP-003-1	R6.	Compliant
EOP-003-1	R7.	Compliant
EOP-003-1	R8.	Compliant
EOP-004-1	R1.	N/A
EOP-004-1	R2.	N/A
EOP-004-1	R3.	N/A
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

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-002-0	R1.	N/A
FAC-002-0	R2.	N/A
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
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-010-1	R1.	N/A
FAC-010-1	R2.	Compliant
FAC-010-1	R3.	N/A
FAC-010-1	R4.	N/A
FAC-010-1	R5.	N/A
FAC-011-1	R1.	N/A
FAC-011-1	R2.	N/A
FAC-011-1	R3.	N/A
FAC-011-1	R4.	N/A
FAC-011-1	R5.	N/A
FAC-013-1	R1.	N/A
FAC-013-1	R2.	N/A
FAC-014-1	R1.	N/A
FAC-014-1	R2.	N/A
FAC-014-1	R3.	N/A
FAC-014-1	R4.	N/A
FAC-014-1	R5.	Compliant
FAC-014-1	R6.	N/A
INT-001-3	R1.	N/A
INT-001-3	R2.	N/A
INT-003-2	R1.	N/A
INT-004-2	R1.	N/A
INT-004-2	R2.	N/A
INT-005-2	R1.	N/A
INT-006-2	R1.	N/A
INT-007-1	R1.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
INT-008-2	R1.	N/A
INT-009-1	R1.	N/A
INT-010-1	R1.	N/A
INT-010-1	R2.	N/A
INT-010-1	R3.	N/A
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-002-1	R1.	N/A
IRO-002-1	R2.	N/A
IRO-002-1	R3.	N/A
IRO-002-1	R4.	N/A
IRO-002-1	R5.	N/A
IRO-002-1	R6.	N/A
IRO-002-1	R7.	N/A
IRO-002-1	R8.	N/A
IRO-002-1	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

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
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
MOD-006-0	R1.	N/A
MOD-006-0	R2.	N/A
MOD-007-0	R1.	N/A
MOD-007-0	R2.	N/A
MOD-010-0	R1.	N/A
MOD-010-0	R2.	N/A
MOD-012-0	R1.	N/A
MOD-012-0	R2.	N/A
MOD-016-1	R1.	N/A
MOD-016-1	R2.	N/A
MOD-016-1	R3.	N/A
MOD-017-0	R1.	N/A
MOD-018-0	R1.	N/A
MOD-018-0	R2.	N/A
MOD-019-0	R1.	N/A
MOD-020-0	R1.	N/A
MOD-021-0	R1.	N/A
MOD-021-0	R2.	N/A
MOD-021-0	R3.	N/A
NUC-001-1	R1.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
NUC-001-1	R2.	N/A
NUC-001-1	R3.	N/A
NUC-001-1	R4.	N/A
NUC-001-1	R5.	N/A
NUC-001-1	R6.	N/A
NUC-001-1	R7.	N/A
NUC-001-1	R8.	N/A
NUC-001-1	R9.	N/A
PER-001-0	R1.	Compliant
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R3.	Compliant
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-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	Compliant
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	Compliant
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-007-0	R1.	N/A
PRC-007-0	R2.	N/A
PRC-007-0	R3.	N/A
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-009-0	R1.	N/A
PRC-009-0	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-015-0	R1.	N/A

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

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
PRC-015-0	R2.	N/A
PRC-015-0	R3.	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-018-1	R1.	N/A
PRC-018-1	R2.	N/A
PRC-018-1	R3.	N/A
PRC-018-1	R4.	N/A
PRC-018-1	R5.	N/A
PRC-018-1	R6.	N/A
PRC-021-1	R1.	N/A
PRC-021-1	R2.	N/A
PRC-022-1	R1.	N/A
PRC-022-1	R2.	N/A
TOP-001-1	R1.	Compliant
TOP-001-1	R2.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	Compliant
TOP-001-1	R5.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	Compliant
TOP-002-2	R1.	Compliant
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
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.	Compliant
TOP-002-2	R10.	N/A
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

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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.	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-006-1	R1.	N/A
TOP-006-1	R2.	Compliant
TOP-006-1	R3.	N/A
TOP-006-1	R4.	N/A
TOP-006-1	R5.	N/A
TOP-006-1	R6.	Compliant
TOP-006-1	R7.	Compliant
TOP-007-0	R1.	Compliant
TOP-007-0	R2.	Compliant
TOP-007-0	R3.	Compliant
TOP-007-0	R4.	N/A
TOP-008-1	R1.	Compliant
TOP-008-1	R2.	Compliant
TOP-008-1	R3.	Compliant
TOP-008-1	R4.	N/A
TPL-001-0	R1.	Compliant
TPL-001-0	R2.	N/A
TPL-001-0	R3.	N/A
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	N/A
TPL-002-0	R3.	N/A
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	N/A
TPL-003-0	R3.	N/A
TPL-004-0	R1.	N/A
TPL-004-0	R2.	N/A

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

### **Compliance Culture**

The audit team assessed SMEPA Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included: SMEPA's Compliance Pre-Audit Survey, South Mississippi Electric Power Association 2009 Compliance Plan Revision 1.0 dated January 6, 2009, compliance staff organizational charts, interviews with SMEPA staff, and observation of staff responses in preparation for and during the audit.

Four factors that characterize a vigorous and effective compliance program are: active engagement and leadership by a company's senior management; preventive measures appropriate to the individual circumstances of the company; promptly detecting, stopping, and reporting a violation; and, ultimately fixing the problem and working to avoid future possible violations.

SERC recognizes that there isn't one standard formula for an effective compliance program, and that there will be variations in each company's program and culture based on countless factors, including the size and age of the company, as well as the nature and extent of its business. Ultimately what matters are the results, and whether the compliance program worked as it should.

The audit team determined that SMEPA's Internal Compliance Program documents and their staff's demonstrated compliance culture indicate an effective compliance program.