



# **Compliance Audit Report Public Version**

**Confidential Information  
(Including Privileged and Critical Energy Infrastructure Information)  
Has been removed**

## **WPPI Energy (WPPI) NCR 01040**

**Sub-registry**

**Cedarburg Light & Water Utility NCR 10104**

**Hartford Electric NCR 10105**

**Jefferson Utilities NCR 10106**

**Kaukauna Utilities NCR 10107**

**Menasha Utilities NCR 10108**

**New London Utilities NCR 10109**

**Oconomowoc Utilities NCR 10110**

**Plymouth Utilities NCR 10111**

**Reedsburg Utility Commission NCR 10112**

**River Falls Municipal Utilities NCR 10113**

**March 3-12, 2009**

**March 16, 2009**

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## Executive Summary

The Midwest Reliability Organization (MRO) conducted a compliance audit of WPPI Energy (WPPI) and the ten members of its sub-registry as a part of their normal six year cycle. Review of documentation submitted by WPPI took place at the MRO offices on March 3-5, 2009. The team conducted audit conference a call on March 12, 2009 at the MRO 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.

WPPI is registered with the MRO as responsible for four functions. As a result of this registration and for this audit, WPPI is responsible for meeting compliance with 12 Reliability Standards which contain 19 requirements. WPPI is found to be in full compliance with all 19 requirements. In July 2008, a special CIP self-certification was conducted for all Registrants.

As a part of the audit process, WPPI completed an Audit Questionnaire 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 conference call, the WPPI 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 WPPI Compliance Audit was conducted as a part of its normal six year cycle. The 2009 Compliance Program consists of 49 actively monitored Standards. Thirty-seven of these Standards were deemed not applicable, which are related to functions other than DP, LSE, PSE and RP.

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

- Independently review WPPI's compliance with the requirements of the reliability standards that are applicable to WPPI based on WPPI's 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 standards, and review the status of associated mitigation plans.

### *Scope*

The WPPI 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 and MRO standards were reviewed during this audit. Documentation was viewed from June 18, 2007 to the date of the 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.

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<sup>1</sup> 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 January 2008 the MRO scheduled WPPI to receive a compliance audit as a part of their normal six year cycle. On January 7, 2009 the MRO sent WPPI 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 MRO Audit Questionnaire*.

### ***Audit***

Two weeks prior to the audit, WPPI supplied MRO with approximately 95% 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 Audit Questionnaire response provided by WPPI.

After evaluation of the supporting documentation, a set of questions was developed to be posed to subject matter experts for WPPI and missing supporting evidence was identified. During the conference call, 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 standards were requested to be available: EOP-002, PRC-005 and PRC-008.

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 WPPI in full compliance of the 19 NERC requirements being audited. The MRO then commenced with the exit briefing with WPPI's approval.

### ***Company Profile***

WPPI Energy (WPPI) was organized for the purpose of securing and supporting adequate, economical and reliable electric power and energy to its member municipalities and to provide related services. WPPI presently has 50 members located in Iowa, Michigan and Wisconsin, serving approximately 195,000 customers, with a 2008 summer peak load of 943 MW.

WPPI has entered into Long Term Power Supply Contracts for Participating Members to supply all of the power and energy requirements of the Members. Each Member owns and operates a utility for the sale and distribution of electric power to retail customers. Ten members have facilities that meet NERC registration guidelines and all ten are on the NERC registry. WPPI has entered into "Agreements Concerning Responsibility for Compliance with Mandatory Reliability Standards" where joint registration and division of compliance responsibilities are defined between WPPI and its Members.

Neither WPPI nor its members are registered as transmission owners. Member distribution systems are energized between 2.4 KV and 34.5 KV, and are connected to the transmission system between 69 KV and 138 KV. The ten member sub-registry consists of the following members: Cedarburg Light and Power, Hartford Electric, Jefferson Utilities, Kaukauna Utilities, Menasha Utilities, New London Utilities, Oconomowoc Utilities, Plymouth Utilities, Reedsburg Utilities and River Falls Municipal Utilities.

All WPPI Members are all located within the Midwest ISO footprint, specifically within the Alliant East, Alliant West, Xcel Energy, Wisconsin Electric, and Wisconsin Public Service Local Balancing Authorities. WPPI itself is not a Balancing Authority.

WPPI serves the Members through a variety of power supply resources, including both owned generation and purchased power contracts. WPPI owns 329 MW of generation including 3 gas units and one coal fired unit. WPPI does not operate and maintain any generation that is connected to the transmission system. WPPI has long term power purchase agreements with Alliant, Wisconsin Electric, and Wisconsin Public Service. Remaining supply requirements are met through short term or smaller power purchase agreements and contracted member generation.

***Audit Specifics***

The compliance audit conference call was conducted on March 12, 2009.

**Audit Team**

<b>Title</b>	<b>Company</b>
Compliance Audit Manager	MRO
Compliance Principal	MRO

**WPPI Audit Participants**

<b>Title</b>	<b>WPPI Organization</b>
AVP	Operations
Director	Distribution Services
Director	Risk Management

## Audit Results

- WPPI provided the audit team with supporting documentation for review prior to the conference call. The team received approximately 95% of the supporting documentation needed for evidence. The audit team spent the two days prior to the conference call reviewing the supplied documentation. As a result of reviewing this evidence, the audit team developed questions for the subject matter experts and a list of additional required documentation.
- WPPI provided the requested additional documents within the next 5 business days.
- WPPI 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: **Mar 08, 2009**

Entity: **WPPI Energy (WPPI-E)**

Address: **1425 Corporate Center Drive, Sun Prairie, Wisconsin 53590, United States**

NERC Compliance Registry ID: **NCR01040**

Standard Requirement	Compliant
CIP-001-1 R1	Yes
CIP-001-1 R2	Yes
CIP-001-1 R3	Yes
CIP-001-1 R4	Yes
EOP-002-2 R9	Yes
IRO-001-1 R8	Yes
IRO-004-1 R4	Yes
IRO-005-2 R13	Yes
PRC-004-1 R1	Yes
PRC-004-1 R3	Yes
PRC-005-1 R1	Yes
PRC-005-1 R2	Yes
PRC-008-0 R1	Yes
PRC-008-0 R2	Yes
PRC-017-0 R1	Yes
TOP-001-1 R4	Yes
TOP-002-2 R18	Yes
TOP-002-2 R3	Yes
VAR-001-1 R5	Yes

### *Compliance Culture*

WPPI Energy completed the Internal Compliance Program Survey prior to the compliance audit.