



Compliance Audit Report Public Version

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

**Washington City Light & Power
NCR00941**

**Date of Audit
November 9 - 12, 2009**

**Date of Report
January 21, 2010**

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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 Washington City Light & Power (WCL&P) was conducted from November 9 - 12, 2009. ReliabilityFirst conducts compliance audits as part of the ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). At the time of the audit WCL&P, NERC ID NCR00941, was registered for the Distribution Provider (DP) and Load Serving Entity (LSE) functions that it performs in the ReliabilityFirst region. WCL&P is also registered to JRO00020, which delegates specified NERC Reliability Standards and their associated requirements to Indiana Municipal Power Agency (IMPA), NERC ID NCR00796.

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

The audit team assessed WCL&P's compliance with 11 NERC Reliability Standards and 18 associated requirements which are applicable to the DP and LSE functions which WCL&P is registered to perform in the ReliabilityFirst region. Following assessment, 7 NERC Reliability Standards and 11 associated requirements were determined to be not applicable to WCL&P.

The audit team did not identify any violations as a result of this review. WCL&P was found to be fully compliant with the 4 applicable NERC Reliability Standards and 7 associated requirements.

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

WCL&P is subject to audit for compliance with all Reliability Standards applicable to the functions for which it is registered.¹ The audit objectives are to:

- Review WCL&P's compliance with the requirements of the Reliability Standards that are applicable to WCL&P based on its 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 WCL&P'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 WCL&P

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. WCL&P was informed of the *ReliabilityFirst* obligations and responsibilities under the agreement and procedures. The work history of each audit team member was provided to WCL&P. WCL&P 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. WCL&P 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

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

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

all necessary 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 (QRSAs)

Documents were provided to WCL&P in electronic format.

Reliability*First* discussed the use of technical experts with the WCL&P primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by WCL&P as it deemed necessary to explain their compliance to the Reliability Standards. As such, WCL&P 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 WCL&P in advance to allow the necessary time to prepare for the audit. WCL&P's cooperation and flexibility with the agenda was appreciated by the audit team.

The audit team reviewed WCL&P's compliance processes for all applicable standards with WCL&P 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 WCL&P for each of the requirements that are applicable to the functions 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.

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 WCL&P was compliant with the requirement. The team discussed its findings to determine WCL&P's compliance to each of the standards. Upon request, WCL&P provided additional information or clarified existing information during the review of its material.

Exit Briefing

The audit team presented its preliminary findings to the WCL&P 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. WCL&P was provided an opportunity to ask questions which the audit team addressed.

Company Profile

WCL&P performs the following NERC functions in the Reliability*First* region and is registered with NERC/Reliability*First* for the following functions:

- Distribution Provider (DP)
- Load Serving Entity (LSE)

WCL&P is a municipal electric utility located in Daviess County, Indiana. The system contains 2.58 miles of 138 kV transmission and approximately 123 miles of 12.47/7.2 kV distribution. There are three radial 138kV interconnection points with the Indiana Municipal Power Agency (IMPA). The peak load of 42.5 MW occurred during the summer of 2007.

WCL&P's RC and BA is Midwest ISO, and its TOP is Duke Energy.

Audit Specifics

The compliance audit was conducted on November 9 - 12, 2009 at the Reliability*First* office in Akron, OH.

Audit Team

Role	Title	Company
Lead	Senior Compliance Engineer	ReliabilityFirst
Member	Contract Consultant	ReliabilityFirst

WCL&P Audit Participants

Title	Organization
Lineman	WCL&P
Distribution Engineer	IMPA

Audit Results

The audit team assessed WCL&P's compliance with 11 NERC Reliability Standards and 18 associated requirements which are applicable to the DP and LSE functions WCL&P is registered to perform in the ReliabilityFirst region. Following assessment, 7 NERC Reliability Standards and 11 associated requirements were determined to be not applicable to WCL&P.

The audit team did not identify any violations as a result of this review. WCL&P was found to be fully compliant with the 4 applicable NERC Reliability Standards and 7 associated requirements.

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.

WCL&P Audit Findings Table

Reliability Standard	Requirement	Finding
CIP-001-1	R1	Compliant
CIP-001-1	R2	Compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Compliant
EOP-002-2	R9	NA

IRO-001-1	R8	Compliant
IRO-004-1	R4	NA
IRO-005-2	R13	Compliant
PRC-004-1	R1	NA
PRC-004-1	R3	NA
PRC-005-1	R1	NA
PRC-005-1	R2	NA
PRC-008-1	R1	NA
PRC-008-1	R2	NA
PRC-017-0	R1	NA
TOP-001-1	R4	Compliant
TOP-002-2	R3	NA
TOP-002-2	R18	NA

Compliance Culture

WCL&P is a municipal electric utility. Business functions are managed by the Mayor and Board of Public Works and Safety. The WCL&P Superintendent reports to the Mayor and is responsible for electric utility operations. Due to its small size, WCL&P does not have an internal compliance program. The WCL&P NERC Representative is a Lineman.

The NERC Representative receives direction from the Superintendent. If the Superintendent is not available, the NERC Representative is authorized to implement a solution. The Mayor and Board of Public Works and Safety are also available to the NERC Representative.

The WCL&P compliance effort has full support and participation of senior management. Senior management approves and signs all compliance materials prior to Reliability *First* submittal.