



# **Compliance Audit Report Public Version**

**E. ON U.S. Services Inc. for LG&E & KU  
Companies  
NCR01223  
February 23-26, 2009**

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

**April 3, 2009**

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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.

E. ON U.S. Services Inc. for LG&E and KU Companies (E. ON U.S.) was audited on February 23-26, 2009 for compliance with the requirements contained in the current mandatory and enforceable reliability standards in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP) that are applicable to E. ON U.S.'s registered functions. E. ON U.S. 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), Transmission Planner (TP), and Transmission Service Provider (TSP) and 38 standards were selected and identified to E. ON U.S. as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of E. ON U.S., 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. E. ON U.S.'s staff was requested to provide an informational presentation on their progress with implementation of Cyber Security Standards CIP-002-1 through CIP-009-1.

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

The audit team found E. ON U.S. to be in compliance with all of the NERC Reliability Standards in the audit scope.

The audit team determined that E. ON U.S. does not own or operate Special Protection Systems and therefore, one of the 38 standards in the scope was not applicable. This standard was PRC-017-0.

E. ON U.S. has two open mitigation plans regarding NERC Reliability Standard PRC-005-1, Requirement 1 and 2 and VAR-002-1, Requirement 2 that are currently in process. The audit team reviewed the current status of their mitigation plans.

E. ON U.S. recently closed several mitigation plans. The audit team reviewed the mitigation plan completion documentation to ensure compliance.

## 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:

- Independently review E. ON U.S.'s compliance with the requirements of the reliability standards that are applicable to E. ON U.S. based on the E. ON U.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 standard and review the status of associated mitigation plans.
- Document the E. ON U.S. compliance culture.

### **Scope**

The scope of the audit of E. ON U.S. included all monitored standards that are in the NERC 2009 CMEP. Based on the confirmed registration of E. ON U.S., the 38 reliability standards previously identified were the focus of the compliance audit. Of these 38 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 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 the NERC representative and regional entity staff were provided to E. ON U.S. in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to E. ON U.S. 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. E. ON U.S. 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. E. ON U.S. accepted the audit team member participants with no objections.

### **On-site Audit**

E. ON U.S. was contacted by letter on September 5, 2008 by SERC staff. The letter provided E. ON U.S. 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 E. ON U.S. both verify their

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

currently registered functions and complete and return an attached Pre-Audit Survey within 30 days.

On December 10, 2008 SERC staff forwarded an Audit Detail Letter to E. ON U.S., again confirming the scheduled audit dates and confirming E. ON U.S.'s registered functions within SERC. The Audit Detail Letter also provided E. ON U.S. with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that E. ON U.S. 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, E. ON U.S. was provided with a Non-Disclosure Agreement Signature Verification for audit team members, a Pre-Audit Questionnaire, a list of Documentation and Evidence Requirements, and Reliability Standard Auditor Worksheets (RSAWs) for each standard to be audited.

Interviews with SMEs 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 E. ON U.S. The standards were grouped and scheduled for review to make the most efficient use of E. ON U.S. staff's time. The audit team moderator (ATL or designee) initiated dialogue on each standard requirement and requested compliance evidence. This evidence and E. ON U.S.'s staff response was documented. E. ON U.S. staff was requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 38 standards that had been previously identified by SERC to E. ON U.S. as subject to this audit. E. ON U.S. staff responded by providing evidence in the form of reports, procedures, studies, and other documents. E. ON U.S. 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 RSAWs 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 E. ON U.S. 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 E. ON U.S. did not provide sufficient evidence to support a finding of compliance, then a possible violation was identified by the team and E. ON U.S. staff was informed.

### ***Audit Overview***

The audit team arrived at the E. ON U.S. offices at 3:00 PM, February 23, 2009. At 3:15 PM on February 23, 2009, Steve Gibe, Senior Compliance Auditor and 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 E. ON U.S. specifically. The ATL introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of E. ON U.S. 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. E. ON U.S. staff made a brief presentation describing E. ON U.S.'s corporate structure and compliance program. The staff of E. ON U.S. was introduced, and general housekeeping matters explained. The staff of E. ON U.S. was excused and the audit team reviewed team assignments and a general overview for preparation of the

audit activities. The audit team left the E. ON U.S. office at 4:36 PM, February 23, 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 E. ON U.S. office at 7:50 AM, February 24, 2009. The audit team was divided into two sub-teams. The audit team initially reviewed the registration status of E. ON U.S. with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. E. ON U.S. 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 E. ON U.S. 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 RSAW.

The review of all applicable standards was completed at 4:17 PM, February 25, 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 RSAW.

### ***Exit Briefing***

The ATL presented an exit briefing to the assembled audit team and entity staff at 8:02 AM, February 26, 2009. This was followed by an informal response and questions from the E. ON U.S. 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 both informal comments from E. ON U.S. staff, along with requesting that they fill out formal feedback forms for submission to NERC and SERC.

The ATL thanked E. ON U.S. staff for their cooperation and support of the audit process. E. ON U.S. staff expressed their appreciation of the professional manner in which the audit was conducted.

The audit team left the E. ON U.S. meeting room at 8:25 AM on February 26, 2009.

### ***Company Profile***

E.ON U.S. is headquartered in Louisville, Kentucky, and is a diversified energy services company. E.ON U.S. owns and operates Louisville Gas and Electric Company, a regulated utility that serves 318,000 natural gas and 390,000 electric customers in Louisville and 16 surrounding counties; and, Kentucky Utilities Company, a regulated electric utility in Lexington, Kentucky, U.S.A., that serves 518,000 customers in 77 Kentucky counties and 5 counties in Virginia.

### ***Audit Specifics***

The compliance audit was conducted on February 23-26, 2009 at the E. ON U.S. office in Simpsonville, KY.

### Audit Team

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead	Sr. Compliance Auditor	SERC
Member	Manager of Compliance Audits	SERC
Member	Sr. Compliance Auditor	SERC
Member	Sr. Compliance Auditor	SERC
Member	Sr. Compliance Auditor	SERC
Member	Compliance CIP Coordinator	SERC
Member	Regional Compliance Auditor	NERC
Member	Sr. System Engineer	NRG Energy
Member	Senior Engineer	Duke Energy
Member	Compliance Administrator	EKPC

### E. ON U.S. Audit Participants Title and Organization

<b>Title</b>	<b>E. ON U.S. Organization</b>
Principal Auditor	Audit Services
Network System Eng - Lead	IT Service Delivery Energy Services
VP Power Production	Energy Services
Director Trading	Energy Marketing
Sr Information Technology Auditor	Audit Services
Manager Subst Const & Maintenance	Distribution
Transmission Right-of-Way Coordinator	Transmission
Transmission Right-of-Way Coordinator	Transmission
Info Security Analyst - Specialist	IT-Security
Sr Electrical Engineer	Transmission
Electrical Engineer II	Energy Services
Mgr - Corporate Security & Business Continuity	Distribution
Transmission Reliability & Compliance	Transmission
Mgr - IT Security & Administration	IT-Security
Telecommunications Engineer - Senior	IT-Telecommunications
Electric System Coordinator II	Transmission
Telecommunications Engineer - Senior	IT-Telecommunications
Compliance Specialist	Compliance
Mgr Sys Restoration & Disp Ops	System Restoration and Ops
Dir Generation Services	Energy Services
Mgr - IT Security & Administration	IT-Security
Sr Corporate Attorney	Legal
Compliance Specialist - Reliability Standards	Compliance
Lead Engineer	Energy Services
Mgr - Regulated Generation Dispatch Operations	Energy Marketing
Electrical Engineer II	Transmission
Lead Transmission Analyst	Transmission
Department/Division Secretary	Transmission
Generation Dispatcher	Energy Marketing
Dir - Compliance and Ethics	Compliance

<b>Title</b>	<b>E. ON U.S. Organization</b>
Transmission Right-of-Way Coordinator	Transmission
Group Leader - Electric System Coordination	Transmission
Mgr - Telecommunications	IT-Telecommunications
Group Leader - Energy Management System	Transmission
Group Leader - Transmission Protection	Transmission
Grp Ldr Transmission Planning	Transmission
Sr Secretary	Compliance
Dir - Audit Services	Audit Services
Sr Compliance Engineer	Energy Services
Software Sys Eng Associate	Computing Hardware Architecture
Dir Transmission	Transmission
Mgr - System Control Center	Transmission
Programmer/Analyst - Senior	IT Service Delivery Energy Services
Group Leader - Electric System Coordination	Transmission
Mgr - IT & Operational Auditing	Audit Services
Principal Engineer	Transmission
Mgr - Transmission Line Services	Transmission
VP Transmission/Generation Svc	Energy Services
Mgr - Transmission Protection & Substations	Transmission
Mgr Generation Engineering	Energy Services
Mgr - Transmission Strategy & Planning	Transmission
Mgr - Transmission Reliability & Compliance	Transmission

## AUDIT RESULTS

The audit team found E. ON U.S. to be in compliance with all of the NERC Reliability Standards in the audit scope. Please see Findings Table below.

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

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

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A
BAL-004-0	R3.	N/A
BAL-004-0	R4.	N/A
BAL-005-0	R1.	N/A
BAL-005-0	R2.	Compliant
BAL-005-0	R3.	N/A
BAL-005-0	R4.	N/A
BAL-005-0	R5.	N/A
BAL-005-0	R6.	N/A
BAL-005-0	R7.	N/A
BAL-005-0	R8.	N/A
BAL-005-0	R9.	N/A
BAL-005-0	R10.	Compliant
BAL-005-0	R11.	N/A
BAL-005-0	R12.	N/A
BAL-005-0	R13.	N/A
BAL-005-0	R14.	N/A
BAL-005-0	R15.	N/A
BAL-005-0	R16.	N/A
BAL-005-0	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	R1.	N/A
CIP-002-1	R2.	N/A
CIP-002-1	R3.	N/A
CIP-002-1	R4.	N/A
CIP-003-1	R1.	N/A
CIP-003-1	R2.	N/A
CIP-003-1	R3.	N/A
CIP-003-1	R4.	N/A
CIP-003-1	R5.	N/A
CIP-003-1	R6.	N/A
CIP-004-1	R1.	N/A
CIP-004-1	R2.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
CIP-004-1	R3.	N/A
CIP-004-1	R4.	N/A
CIP-005-1	R1.	N/A
CIP-005-1	R2.	N/A
CIP-005-1	R3.	N/A
CIP-005-1	R4.	N/A
CIP-005-1	R5.	N/A
CIP-006-1	R1.	N/A
CIP-006-1	R2.	N/A
CIP-006-1	R3.	N/A
CIP-006-1	R4.	N/A
CIP-006-1	R5.	N/A
CIP-006-1	R6.	N/A
CIP-007-1	R1.	N/A
CIP-007-1	R2.	N/A
CIP-007-1	R3.	N/A
CIP-007-1	R4.	N/A
CIP-007-1	R5.	N/A
CIP-007-1	R6.	N/A
CIP-007-1	R7.	N/A
CIP-007-1	R8.	N/A
CIP-007-1	R9.	N/A
CIP-008-1	R1.	N/A
CIP-008-1	R2.	N/A
CIP-009-1	R1.	N/A
CIP-009-1	R2.	N/A
CIP-009-1	R3.	N/A
CIP-009-1	R4.	N/A
CIP-009-1	R5.	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
EOP-001-0	R6.	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
EOP-009-0	R1.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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-005-1	R1.	N/A
INT-006-2	R1.	N/A
INT-007-1	R1.	N/A
INT-008-2	R1.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
IRO-005-1	R11.	N/A

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
NUC-001-1	R2.	N/A

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

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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.	N/A
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
PRC-015-0	R2.	N/A
PRC-015-0	R3.	N/A

Confidential Information (including Privileged and  
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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
TOP-003-0	R1.	N/A
TOP-003-0	R2.	N/A
TOP-003-0	R3.	N/A
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.	Compliant
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.	N/A
TPL-003-0	R2.	N/A
TPL-003-0	R3.	N/A
TPL-004-0	R1.	N/A
TPL-004-0	R2.	N/A
VAR-001-1	R1.	Compliant
VAR-001-1	R2.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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 E. ON U.S.'s Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included: E. ON U.S.'s Compliance Pre-Audit Survey, Compliance Program document, compliance staff organizational charts, interviews with E. ON U.S.'s 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 E. ON U.S.'s Internal Compliance Program documents and their staff's demonstrated compliance culture indicate an outstanding compliance program.