



# **Compliance Audit Report Public**

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

**Kansas City Power & Light Company**  
NCR01107

**Audit  
November 9 -12, 2009**

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## Executive Summary

This public version of the final compliance audit report will be posted on the Southwest Power Pool Regional Entity's (SPP RE) and NERC websites. Confidential information has been redacted from this report. The report will be submitted to Kansas City Power and Light (KCPL) and to NERC after approval at the SPP RE level.

KCPL was scheduled for an on-site audit in 2009 as part of the NERC Compliance Monitoring and Enforcement Program (CMEP). The CMEP requires all Balancing Authorities (BAs) and Transmission Operators (TOPs) to be audited on-site every 3 years. The CMEP requires all other entities not on the 3 year audit cycle to be audited every 6 years. The audit team reviewed the material provided by KCPL and additional information that was requested during the audit. The SPP RE audit team developed the audit findings on KCPL's compliance to the standards.

SPP RE audit team reviewed 36 NERC Standards and 128 Requirements with the KCPL staff. The audit team found one requirement did not apply to KCPL operations at this time. The audit team reviewed KCPL evidence for each requirement in the standards with KCPL subject matter experts. KCPL provided evidence to support its compliance with the standards

After reviewing all of the evidence presented, the audit team found KCP&L to be compliant with 35 of the NERC standards and 125 of the requirements reviewed and applicable to KCP&L. One requirement was found to be not applicable to KCP&L at this time. The audit team found possible violations for two requirements in two standards.

## 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 KCPL's compliance with the requirements of the NERC and regional reliability standards that are applicable to KCPL based on KCPL's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Review self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Validate coordination with neighboring BAs, TOPs, and the Reliability Coordinator.
- Document KCPL's compliance culture.

## **Scope**

The compliance on-site audit includes all reliability standards applicable to the Registered Entity monitored in the NERC Implementation Plans in the current and two previous years, and may include other reliability standards applicable to the Registered Entity.

There are 49 NERC Standards in the Monitored Compliance Program for audit in 2009. The audit team reviewed 37 standards on site. There was one standard covering functions not performed by KCPL that was not applicable to KCPL at this time.

The audit included questionnaires from the neighboring Balancing Authorities, Transmission Operators, and the Reliability Coordinator. Any indentified issues found in the neighboring and Reliability Coordinator questionnaires were addressed during the audit.

If a company has an outstanding mitigation plan or has just completed a mitigation plan, the progress or completion of the plan was validated on-site by the audit team.

This audit report includes the findings from the on-site and off-site review of KCPL's evidence.

## **Confidentiality and Conflict of Interest**

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and Regional Entity staff were provided to the SPP RE and the audited entity in advance of the audit. The work history of each audit team member was provided to SPP RE and KCPL. KCPL 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

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

could interfere with the audit team member's impartial performance of duties. KCPL accepted the final audit team member participants with no objections. SPP RE found no conflict of interest for any of the audit team members.

### ***On-site Audit***

The on-site audit is part of the NERC Compliance Monitoring and Enforcement Program (CMEP). Every Transmission Operator (TOP) and Balancing Authority (BA) registered in the NERC Functional Registration Data Base is required to have an on-site audit once every three years. The CMEP requires all other entities not on the 3 year audit cycle to be audited every 6 years. The on-site audit covers the 2009 NERC monitored standards, any Regional standards identified and possible other NERC standards listed in the pre-audit information. Companies on the 2009 on-site audit list were notified in the fall of 2008 about its upcoming audit and scheduled for the audit. Sixty days in advance, a letter explaining the audit was sent to KCPL. SPP RE sent KCPL a request for data and documents to complete. The pre-audit material included the audit team members, audit agenda, standards to be reviewed on-site, a pre-audit survey, the Compliance Questionnaire and Reliability Standard Audit Worksheets, and the option to reject any audit team member. The pre-audit material received from KCPL provided the audit team an explanation of how KCPL operates for the functions they are registered.

The standards and supporting evidence to show compliance with the standards were reviewed with KCPL. The audit team received evidence supporting compliance with each requirement of the audited standards. Evidence included summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources. Information gathered from neighboring Balancing Authorities, Transmission Operators, and the Reliability Coordinator was considered during the review of evidence. The audit team reviewed the evidence for each standard and requirement with KCPL's subject matter experts. This process enabled the team to get immediate answers to questions that arose. This process also exposed other company staff to the audit process which helped solidify why a company follows certain procedures and processes. Any self-reported violations or open mitigation plans were reviewed by the audit team. The audit team used the evidence, the discussions with KCPL subject matter experts along with its professional judgment to decide on the recommended findings for the report.

On the final day, the lead auditor presented the findings of the audit to KCPL staff. KCPL brought in several staff members for the presentation. The presentation covered the findings for the standards reviewed. The final report process was explained along with the security of the audit information. KCPL was informed that the public report will be posted on the NERC and SPP RE websites after all due processes are complete. KCPL was also notified that a post-audit questionnaire will be provided for them to make any comments about the audit or audit team. There was a question and answer session after the presentation. The lead auditor answered all the questions and thanked KCPL staff for their hospitality.

### ***Methodology***

The audit team reviewed the evidence supplied by KCPL for each requirement of all NERC standards that apply to the functions performed by KCPL to determine if KCPL complied with that requirement. KCPL would be found to be noncompliant with requirements where compliance cannot be confirmed.

KCPL provided a conference room to accommodate the audit team. The audit team members completed individual assignments during the audit process. KCPL brought in its subject matter experts as the audit team reviewed the standards with them. The subject matter experts explained the evidence and answered all questions the audit team asked. KCPL presented most of their evidence on an overhead projection screen. They also provided additional hard copies of the material for the team to review. The overhead presentation was very useful since all of the team could review the evidence at one time.

The audit team toured the control room and verified the information that was presented as evidence in the preceding days. The team was able to see live screens and ask several questions about the KCPL processes and procedures. The tour confirmed the information learned during the audit.

The audit team met privately after being presented the evidence from KCPL. The team reviewed each requirement and discussed the levels of compliance and addressed each team member's notes from the audit. The audit team decided on the findings to present to KCPL and the SPP RE. The audit team developed the closing presentation of audit findings. The lead auditor gave the presentation to the KCPL staff and answered all their questions.

## ***Audit Overview***

The audit team met with the KCPL representative on the first morning of the audit. Facilities and the audit process were discussed to verify if any changes to the agenda were warranted. There were no changes identified by either party.

## ***Audit***

The KCPL audit was performed as planned. The agenda was followed with only minor staff adjustments.

## ***Exit Briefing***

The audit team gave an exit presentation for the KCPL staff. The team lead explained the findings from the audit. The presentation was attended by KCPL staff that participated in the audit and other staff. The presentation was open for comments and discussion about the findings. The exit presentation also covered any possible violations and mitigation requirements. KCPL was informed that they will receive an audit evaluation to complete and return to NERC.

The audit team uses the exit presentation to help verify that the information presented is correct.

## ***Company Profile***

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KPCL performs the following NERC functions and is registered with NERC/SPP RE for these functions:

- Balancing Authority
- Transmission Operator
- Transmission Owner
- Transmission Planner
- Generation Operator
- Generation Owner
- Resource Planner
- Purchasing Selling Entity
- Load Serving Entity
- Distribution Provider

Great Plains Energy Incorporated (NYSE: GXP) is the holding company of KCPL and KCPL Greater Missouri Operations Company (KCPL – GMO). The utilities operate under the brand name KCPL.

The electric utilities serve over 800,000 customers in 47 counties in Missouri and Kansas with a combined diverse generation platform of more than 6,100 MW of capacity.

The transmission system is comprised of 540 miles of 345-kV line, 1460 miles of 161-kV line, and 500 miles of 69-kV line. The system is spread over northwestern Missouri and eastern Kansas and includes 392 substations.

This Compliance Audit Report is specific to KCPL.

KCPL has a summer peak of approximately 3,495 MW.

KCPL owns, wholly or jointly, two generating facilities in other balancing area footprints – Wolf Creek Nuclear Operating Corporation and Spearville Wind Facilities.

SPP is the Reliability Coordinator for KCPL. KCPL participates in the SPP reserve sharing group.

### **Audit Specifics**

The compliance audit was conducted on November 9 – November 12, 2009 at the KCPL office in Kansas City, MO.

### **Audit Team**

<b>Title</b>	<b>Company</b>
SPP RE, Lead Compliance Specialist	SPP RE
Lead Compliance Engineer	SPP RE
SPP RE Contractor	SPP RE
SPP RE Contractor	SPP RE
SPP RE Contractor	SPP RE

### **KCPL Audit Participants**

<b>Title</b>	<b>Organization</b>
Senior Manager, Operations Compliance Programs	KCPL
NERC Compliance Manager	KCPL
Manager, System Operations	KCPL
Compliance Specialist / Operations Trainer	KCPL
Senior Manager	KCPL
Programmer/Analyst	KCPL
Supervisor Telecommunications Services	KCPL
Programmer/Analyst	KCPL
Supervisor, Telecommunications Services	KCPL
Senior Manager, T&D Ops & Emergency Mgmt	KCPL
Manager, Transmission Planning	KCPL
Supervisor, Relay Protection	KCPL
System Operations Trainer	KCPL
Manager, Contract Management	KCPL
Supervisor, Transmission Vegetation Management	KCPL
Senior Engineer, Central Engineering Services	KCPL
Consulting Engineer, Central Engineering Services	KCPL
Senior Engineer, Transmission Planning	KCPL
Operations Program Specialist	KCPL
Manager, System Operations	KCPL
Manager, Relay	KCPL
Senior Engineer, Substation Construction & Maintenance	KCPL
Senior Engineer, System Protection Engineering Department	KCPL

## Audit Results

After reviewing the evidence presented to the audit team, KCP&L is found to be compliant with 35 applicable standards and 125 requirements reviewed. The audit team found one requirement did not apply to KCP&L operations at this time. The audit team found Possible Violations for 2 requirements in two separate NERC Standards.

Senior management attended the opening and closing presentations. KCPL was prepared for the audit and presented its documentation. KCPL subject matter experts presented the material supporting its compliance to the standard requirements for their areas. KCPL staff showed that they are working to improve their process and procedures to insure that they continue to remain compliant.

Prior to being forwarded to SPP RE Executive Director of Compliance for review and approval as SPP RE's Final confidential Non-Public audit Report for KCPL, the content and accuracy of this report:

- Is reviewed and commented on by all audit team members
- Is reviewed by KCPL'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 SPP RE's Executive Director of Compliance before being issued as SPP RE's Final Public Audit Report of KCPL.

## **Findings**

### **KCPL On-site Audit Findings**

\*N/A – Not Applicable

PV – Possible Violation

TSO- Transmission System Operator

PSO – Power System Operator

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-002	R1	Compliant
BAL-002	R3	Compliant
BAL-005-0	R2.	Compliant
BAL-005	R10	N/A
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-001-1	R1	Compliant
COM-002-2	R1.	Compliant
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
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	R9	N/A
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

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
EOP-003-1	R8	Compliant
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-008-0	R1	Compliant
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-008-1	R1.	PV
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	PV
FAC-009-1	R2.	Compliant
FAC-014.2	R5	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R3	Compliant
IRO-004-1	R4.	Compliant
IRO-004-1	R7.	Compliant
IRO-005-1	R8	Compliant
IRO-005-1	R13.	Compliant
IRO-006-3	R6	Compliant
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
PRC-001-1	R1	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4	Compliant

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-017-0	R1.	Compliant
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	R3.	Compliant
TOP-002-2	R4	Compliant
TOP-002-2	R9	Compliant
TOP-002-2	R11	Compliant
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
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-006-1	R2	Compliant
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

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<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
TOP-008-1	R1	Compliant
TOP-008-1	R2	Compliant
TOP-008-1	R3	Compliant
TPL-001-0	R1.	Compliant
TPL-002-0	R1.	Compliant
TPL-003-0	R1.	Compliant
VAR-001-1	R1	Compliant
VAR-001-1	R2	Compliant
VAR-001-1	R5.	Compliant
VAR-001-1	R7	Compliant
VAR-001-1	R8	Compliant
VAR-001-1	R9	Compliant
VAR-001-1	R10	Compliant
VAR-001-1	R12	Compliant

## **Compliance Culture**

KCPL's internal compliance program, specifically addressing NERC Reliability Standards, applies to all applicable corporate divisions with reliability standards obligations, multiple leadership positions and is focused on all of the employees or resources that achieve compliance with said standards. The compliance program is governed by the Compliance Steering Committee with participation from our Executive team and employees in key areas related to NERC Compliance including Compliance Programs, Information Security, Internal Audit, Legal and Regulatory. The Executive team participants in the Compliance Steering Committee are as follows: Executive Vice President (EVP), Utility Operations (chair), EVP, Finance & Strategic Development & CFO, General Counsel & Chief Legal Officer (vice chair), Senior VP of Delivery, Senior VP of Supply, and VP of T&D Operations. The Compliance Steering Committee formally reports to the Senior Strategy Team, the President and the CEO.

The Senior Manager, Operations Compliance Programs reports to the Senior Manager, Transmission Policy and Compliance (TPC). The Senior Manager, TPC reports to the Senior VP, Delivery who reports to the EVP of Utility Operations who reports to the President / COO reporting to the CEO and Chairman. The Compliance Program is governed by the Compliance Steering Committee with the Executive Vice President, Utility Operations serving as the Committee Chairperson.

The Senior Manager, Operations Compliance Programs (OCP) has direct access to the Senior Strategy Team (SST), which is a committee comprised of the most senior executives of KCPL. The SST has a standing agenda item at each of its regularly weekly meetings related to compliance topics, which includes NERC compliance. The Senior Manager, OCP also meets regularly with the Compliance Steering Committee.

The compliance program at KCPL, specific to NERC Reliability Standards, is widely disseminated. Prior to the merger in July of 2008, information specific to NERC and the standards was contained with those subject matter experts that were responsible for the compliance efforts. For the Critical Infrastructure Protection (CIP) standards specifically, KCPL has had teams dedicated to the monitoring, evaluation and implementation of those standards for a few years. With the dedication of resources for compliance program development, many items have been completed for broadening the distribution of materials and understanding.

- There is a company intranet site providing information about the standards, requirements, processes and procedures associated with the internal compliance program that all employees can access.
- KCPL has two separate monthly working group meetings with operations personnel (NERC Compliance Working Group - NCWG) and CIP personnel (Cyber Security Task Force - CSTF) for all NERC compliance discussions with requirements owners and participants.
- KCPL holds executive workshops with compliance participants twice a year where the executive team discusses compliance efforts and requirements as well as listens to employee concerns.
- A KCPL company special edition newsletter showcases a compliance focus for a more global understanding of compliance related issues for all company personnel.

- The Compliance Programs group sends email updates to personnel involved with specific aspects of compliance for updates and feedback.
- NERC Training will be given to a subset of company personnel at the beginning of each calendar year with CIP standard information already included in the Information Security training required for all personnel annually.
- Personnel with NERC clearance are currently (and historically) required to complete an on-line training course on CIP standards before access is granted.

## Post Audit Activities

This report was reviewed and approved by:  
Ronald W. Ciesiel  
Executive Director of Compliance, SPP RE  
February 9, 2010