



Compliance Audit Report Public Version

**Great Lakes Energy L.L.C (GRTE)
NCR05173
February 11, 2009**

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

Final – April 03, 2009

Audit Overview

The WECC Compliance Department conducted an off-site compliance audit of the Great Lakes Energy L.L.C. GRTE on February 11, 2009. The off-site audit was conducted at the WECC Compliance Department offices at 615 Arapeen Drive, Suite 210, Salt Lake City, Utah.

GRTE personnel were notified at the start of the off-site audit and kept informed as the audit progressed. GRTE did not have personnel at the WECC Offices but participated via phone during the audit and at the closing presentation.

At the time of the off-site audit, GRTE was registered for the following functions: Purchase Selling Entity (PSE).

The following functions were audited: Purchase Selling Entity (PSE).

GRTE has an Internal Compliance Program that was not given a detailed review during the off-site audit.

The audit team used the Reliability Standard Audit Worksheets (QRSAWs) during the compliance review of each reliability standard. No violations were identified by the audit team during this audit.

Confidentiality and Conflict of Interest

Confidentiality agreements, executed by the WECC independent contractors (consultants) and code of conduct documentation for the NERC representative and WECC compliance staff, were available to GRTE in advance of the off-site audit, if requested. Work history and conflict of interest forms submitted by each audit team member were also provided. GRTE 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 that audit team member's impartial performance of duties. GRTE accepted the audit team member participants with no objections.

Off-site Audit

GRTE was officially notified of the off-site audit with a 60-day Notice of Compliance Audit letter. Accompanying this notification were attachments relating to the audit as listed below:

- Notice of Off-site Audit
- Compliance Monitoring Authority Letter
- Audit team bios
- Pre-audit Survey

- Certification sheet
- 2009 QRSAWS

GRTE was notified in the Pre-Audit letter that personnel (subject matter experts representing all the registered functions) would need to be available to answer questions (interviews) the audit team might have regarding the documentation.

GRTE was also informed that the off-site compliance audit would be conducted consistent with the following WECC Regional and NERC documents:

- WECC Compliance Monitoring and Enforcement Program
- NERC 2009 Reliability Standard Audit Worksheets (QRSAWS).

GRTE was asked to submit the completed Pre-audit Survey, and return other requested documents back to the WECC Compliance Department.

A pre-audit conference call was held by WECC compliance staff with all the Registered Entities scheduled for an off-site audit.

Professional judgment was used by the audit team during the off-site audit. The audit team leader may have requested interviews with employees representing subject matter expertise regarding the registered functions being audited. These interviews in conjunction with the evidence, gave the audit team a factual basis for determining compliance with the NERC reliability standards.

Reference - Generally accepted government auditing standard 3.31 - Auditors must use professional judgment in planning and performing audits and attestation engagements and in reporting the results.

Reference - Generally accepted government auditing standard 3.39 - While this standard places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

Methodology

Methodology: the auditing of reliability standards and best practices to be followed by compliance auditors in carrying out their work. The methodology is objective, measurable, complete and relevant to the audit objectives. The auditor identifies potential sources of audit evidence and considers the amount and type

of evidence needed given the risk and significance when defining the audit methodology.

Audit Specifics

Audit Team

Audit Team Role	Title	Company
Lead	Sr. Compliance Engineer	WECC
Member	Sr. Compliance Engineer	WECC

Registered Entity Audit Participants (Attending/Interviewed/Listening)

Title	Audited Organization
Member Manager	GRTE

Findings

The findings of the audit team at the off-site audit were presented to ANHM at the closing presentation. These findings are indicated in Table A below. The The findings of the audit team at the off-site audit were presented to GRTE at the closing presentation. These findings are indicated in Table A below. The "Finding" column contains one of the following: Compliant, Possible Violation (PV), New Possible Violation (NPV), Not Applicable (N/A), Not Audited, Outstanding Alleged Violation (OV), Retraction requested (Retract), Self-reported Violation (Self-Report), or other appropriate description.

Table A

Reliability Standard	Requirement	Finding
IRO-001-1	R3.	N/A
IRO-001-1	R8.	Compliant
IRO-005-1	R13.	N/A
VAR-001-1	R5.	Compliant