



Compliance Audit Report Public Version

**Georgia System Operations Corporation
(NCR01248)**

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

Date of Audit: June 13-15, 2011

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Executive Summary

A compliance audit of Georgia System Operations Corporation (GSOC) (NCR01248) was conducted from June 13-15, 2011. At the time of the audit, GSOC was registered for the Load-Serving Entity (LSE) and Transmission Operator (TOP) functions.

The audit team evaluated GSOC for compliance with 76 requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team assessed compliance with the NERC Reliability Standard for the period of June 18, 2008 through June 15, 2011. GSOC submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by GSOC to assess compliance with standards applicable to GSOC at this time.

Based on the information and documentation provided by GSOC, the audit team found GSOC to have no findings of noncompliance with 75 applicable requirements. The audit team determined that one requirement was not applicable to GSOC at this time.

The audit team identified no Possible Violations.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards, within the scope of the compliance audit.

The SERC audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).

Audit Process

The compliance audit process steps are detailed in the SERC CMEP. The SERC 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 an audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to GSOC, based on the functions that GSOC is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2011 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by SERC;

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits
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- Validate compliance with applicable regional standards from the SERC 2011 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document GSOC's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the SERC 2011 Implementation Plan.

At the time of the audit, GSOC was registered for the Load-Serving Entity (LSE) and Transmission Operator (TOP) functions. The audit team evaluated GSOC for compliance during the period of June 18, 2008 through June 15, 2011.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the SERC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. GSOC was informed of SERC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to GSOC. GSOC was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. GSOC had not submitted any objections by the stated 15 day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by GSOC.

Methodology

The audit team reviewed the information, data, and evidence submitted by GSOC and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to SERC 30 days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. After that date, only data or information which was relevant to the content of the report or its finding can be submitted upon agreement by the audit team lead.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

The audit team reviewed documentation provided by GSOC. Data, information, and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. were validated, substantiated, and cross-checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the bulk electric system (BES).

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards, and their professional judgment. All findings were developed based upon the consensus of the audit team.

Company Profile

Georgia System Operations Corporation is an independent, not-for-profit system operations company owned by 38 of Georgia's electric membership corporations. As the system operator, they ensure reliable, compliant, independent system operations by controlling and monitoring electric generation, transmission, and distribution assets owned by Oglethorpe Power Corporation, Georgia Transmission Corporation, the Member Systems, and other customers.

GSOC enables their Members' participation in the energy market in Georgia and the Southeast by providing a range of operations services that allow their Members to transact, optimize, and account for their business in the wholesale energy market. They implement purchase and sales contracts, schedule and monitor individual hourly transactions, dispatch and monitor generation assets, capture the necessary data for billing, and ensure customer confidentiality by following strict standards of conduct.

GSOC's corporate setup is unique in the electric utility industry. Most electric utility corporations operate as investor-owned utilities; that is, in addition to their customers, they also serve their investors. GSOC's business model is truly a cooperative. They are member-owned and member-directed, and each EMC has a voice in how they serve them and how they operate.

Audit Participants

The following is a listing of all personnel from the Audit Team and GSOC who were present during the meetings or interviews.

Audit Team Participants

Role	Title	Entity
Audit Team Lead	Compliance Auditor	SERC
Team Member	Director of Compliance	SERC
Team Member	Senior Compliance Auditor	SERC
Team Member	Senior Compliance Auditor	SERC
Team Member	Compliance Auditor	SERC

GSOC Audit Participants

Title	Entity
Director of NERC Compliance	GSOC
Executive VP, Chief Legal & Compliance Officer	GSOC
Operations Engineer	GSOC
Principal Engineer	GSOC
Principal Engineer	GSOC
CI Compliance Manager	GSOC
Manager, Transmission Operations	GSOC
Manager, Control Area Operations	GSOC
Manager, Operations Engineering	GSOC
Manager, Telecommunications	GSOC
General Council/Manager Corp. Compliance	GSOC
Principal Engineer	GSOC

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Operations Engineer	GSOC
Real Time Coordinator	GSOC
Principal Engineer	GSOC
Senior Training Coordinator	GSOC
Transmission Operator	GSOC
Operation Analyst	GSOC
SVP - System Operations	GSOC
Manager, System Services	GA Transmission
On Conference Call for MOD-028 Support	SOCO
On Conference Call for MOD-028 Support	SOCO
On Conference Call for MOD-028 Support	SOCO
On Conference Call for MOD-028 Support	SOCO
On Conference Call for MOD-028 Support	SOCO
On Conference Call for MOD-028 Support	SOCO

Audit Results

A compliance audit of Georgia System Operations Corporation (GSOC) (NCR01248) was conducted from June 13-15, 2011. At the time of the audit, GSOC was registered for the Load-Serving Entity (LSE) and Transmission Operator (TOP) functions.

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Based on the information and documentation provided by GSOC, the audit team found GSOC to have no findings of non-compliance with 75 applicable requirements. The audit team determined that one requirement was not applicable to GSOC at this time.

The audit team identified no Possible Violations.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards, within the scope of the compliance audit.

Findings

The following table details the findings for compliance for the scope identified for this audit.

Reliability Std.	Req.	Finding
CIP-001-1	R1.	No Findings
CIP-001-1	R2.	No Findings
CIP-001-1	R3.	No Findings
CIP-001-1	R4.	No Findings
CIP-002 through CIP-009		Reviewed by a separate monitoring method
COM-001-1.1	R1.	No Findings
COM-001-1.1	R2.	No Findings
COM-001-1.1	R3.	No Findings
COM-001-1.1	R4.	No Findings
COM-001-1.1	R5.	No Findings
COM-001-1.1	R6.	Not Applicable
COM-002-2	R1.	No Findings
COM-002-2	R2.	No Findings
EOP-001-0	R2.	No Findings
EOP-001-0	R3.	No Findings
EOP-001-0	R5.	No Findings
EOP-003-1	R2.	No Findings
EOP-003-1	R3.	No Findings

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Reliability Std.	Req.	Finding
EOP-003-1	R4.	No Findings
EOP-003-1	R8.	No Findings
EOP-005-1	R1.	No Findings
EOP-005-1	R2.	No Findings
EOP-005-1	R3.	No Findings
EOP-005-1	R4.	No Findings
EOP-005-1	R5.	No Findings
EOP-005-1	R6.	No Findings
EOP-005-1	R7.	No Findings
EOP-005-1	R9.	No Findings
EOP-005-1	R10.	No Findings
EOP-008-0	R1.	No Findings
IRO-004-1	R4.	No Findings
IRO-004-1	R7.	No Findings
IRO-005-2	R8.	No Findings
IRO-005-2	R12.	No Findings
IRO-005-2	R13.	No Findings
MOD-001-1	R1.	No Findings
MOD-001-1	R6.	No Findings
MOD-004-1	R3.	No Findings
MOD-004-1	R10.	No Findings
MOD-008-1	R1.	No Findings
MOD-008-1	R2.	No Findings
MOD-008-1	R3.	No Findings
MOD-008-1	R4.	No Findings
MOD-008-1	R5.	No Findings
MOD-028-1	R2.	No Findings
MOD-028-1	R3.	No Findings
MOD-028-1	R4.	No Findings
MOD-028-1	R5.	No Findings
MOD-028-1	R6.	No Findings
MOD-028-1	R7.	No Findings
MOD-029-1	R1-R4.	No Findings
MOD-030-2	R2-R3.	No Findings
PER-002-1	R1.	No Findings
PER-002-1	R2.	No Findings
PER-002-1	R3.	No Findings
PER-002-1	R4.	No Findings
PRC-001-1	R1.	No Findings
PRC-001-1	R2.	No Findings
PRC-001-1	R3.	No Findings
PRC-001-1	R4.	No Findings
PRC-001-1	R5.	No Findings
PRC-001-1	R6.	No Findings
TOP-002-2a	R3.	No Findings
TOP-002-2a	R6.	No Findings

Reliability Std.	Req.	Finding
TOP-002-2a	R11.	No Findings
TOP-002-2a	R18.	No Findings
TOP-004-2	R6.	No Findings
VAR-001-1	R1.	No Findings
VAR-001-1	R2.	No Findings
VAR-001-1	R3.	No Findings
VAR-001-1	R4.	No Findings
VAR-001-1	R6.	No Findings
VAR-001-1	R9.	No Findings

Compliance Culture

The audit team assessed GSOC's Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included: GSOC's Compliance Pre-Audit Survey, NC-1300 NERC Compliance Program.pdf, compliance staff organizational charts, interviews with GSOC 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 GSOC's Internal Compliance Program documents and their staff's demonstrated compliance culture indicate very effective compliance program.

Additional information pertaining to the compliance culture of GSOC can be found in the Internal Compliance Survey.