



Helping our members work together to keep the lights on...
today and in the future



CIP Compliance Audit

American Electric Power Service Corporation, NCR01056, NCR00682, & NCR04006 (AEP) AEP Generation Resources Inc., NCR11401, (AEP) Electric Transmission Texas, LLC, NCR10211, (ETT)

November 4, 2014 – November 14, 2014



CIP Compliance Audit Team

- **Audit Team Lead: Shon Austin, SPP RE (Compliance)**
- **Audit Team Members (Team 1):**
 - **Kevin Perry, SPP RE (Compliance) ***
 - **Rhonda Bramer, RFC (Compliance)**
 - **Bob Yates, RF (Compliance)**
 - **Nathan Roberts, Texas RE (Compliance)**

*** Sub-Team Lead**

CIP Compliance Audit Team

- **Audit Team Lead: Shon Austin, SPP RE (Compliance)**
- **Audit Team Members (Team 2):**
 - **Steven Keller, SPP RE (Compliance) ***
 - **Bill Beaver, Texas RE (Compliance)**
 - **Mike Ketchens, RF (Compliance)**
 - **Robert Vaughn, SPP RE (Compliance)**

*** Sub-Team Lead**

Observers

- **RF:**
 - Ray Sefchik, RF (Compliance)
 - Kristen Senk, RF (Enforcement)
- **NERC**
 - None
- **FERC**
 - Thomas Reina
 - Simon Slobodnik

Audit Approach

- **Worked concurrently as two integrated audit teams.**
- **Interviewed 83 Subject Matter Experts (SME).**
- **Reviewed over 764 artifacts of data**
- **Physically inspected (Redacted) Critical Assets:**
 - **(Redacted)**



Audit Approach

- Reviewed approved Technical Feasibility Exceptions.
 - Verified compensating measures have been maintained.

Audit Summary

- Audit of NERC Reliability Standards CIP-002-3 through CIP-009-3
 - 8 standards
 - 33 (actively monitored) of 43 requirements
 - 138 of 168 unique requirements
 - Preliminary Findings
 - (Redacted)

Open Enforcement Actions

(Page Redacted)

Open Enforcement Actions

(Page Redacted)

Audit Finding

Possible Non-Compliance (Redacted)

- AEP did not implement its documented process to (Redacted).
 - While conducting its 2013 (Redacted), AEP determined (Redacted); however (Redacted). AEP attested during the interview with the audit team (Redacted)

Audit Finding

Possible Non-Compliance (Redacted)

- AEP did not document the (Redacted)
 - AEP staff asserts (in its response to (Redacted)) they were unable to provide documented evidence that all (Redacted)

Areas of Concern

(Redacted)

- The (Redacted) are inconsistent. Only two of the sampled (Redacted).
 - The cause of the issue appears to be process and data entry error.
 - AEP should revise the process to (Redacted)appropriately.

Areas of Concern

(Redacted)

- The Change Management documentation for (Redacted).
 - (Redacted)
- Documentation and management (Redacted) for all business units should be improved when transitioning to CIP Version 5.

Areas of Concern

(Redacted)

- Mixed (Redacted)
 - (Redacted)

Areas of Concern

(Redacted)

- AEP failed to document compensating measures as prescribed by the requirement for the (Redacted) updates that were not implemented for (Redacted) as applicable.
- During the (Redacted) review, the audit team determined the AEP attested the compensating measures were in place.

Areas of Concern

(Redacted)

- Testing of (redacted) in the CIP test environment is ineffective and could allow a (redacted) to be implemented in the production environment without undergoing the required testing.

Positive Observations

- **Strong culture of compliance and process maturity reflected during the physical inspections.**
- **The SMEs were very responsive to evidence requests and also responded in a timely manner.**
- **AEP was receptive to audit recommendations.**
- **AEP has a strong and thorough visitor management program.**
- **Compliance staff were present and engaged throughout the audit process.**
- **Appropriate and knowledgeable SMEs were available.**



Best Practices

– Implementation of the CSOC

Next Steps

- Draft non-public report will be delivered to AEP within 30 days of the last day of the audit.
- AEP will have 15 calendar days to review and provide comments on the draft report.
- SPP RE will consider AEP comments and incorporate into the report as appropriate.
- Complete and send the audit feedback form to NERC and SPP RE.

Next Steps

- SPP RE, ReliabilityFirst, and Texas RE management will review/approve final non-public report.
- Approved non-public report delivered to AEP no later than 75 days following completion of the audit.
- Non-public report will be delivered to NERC.
- Violations are reported to NERC through the normal reporting process.

Evidence Management

- SPP RE will retain control of the master copy of all evidence supporting the audit.
- SPP RE staff to confirm all collected evidence artifacts supporting the AEP audit are encrypted prior to removal from AEP and any unencrypted artifacts are electronically shredded.



Thank You

Active Engagement

Hospitality

Contribution to the success of the CIP compliance audit.