

# Disclaimer

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MIDWEST  
RELIABILITY  
ORGANIZATION

# **Audit Best Practices and Preparation**

**Charles Wicklund, Senior Compliance Specialist, Otter Tail Power Company**

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Electric Cooperative**

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CLARITY

ASSURANCE

RESULTS



MIDWEST  
RELIABILITY  
ORGANIZATION

# **OPPD Audit Best Practices and Preparation MRO CMEP Conference 2022**

**Shonda McCain**

**Omaha Public Power District (OPPD)**

**July 26, 2022**

CLARITY

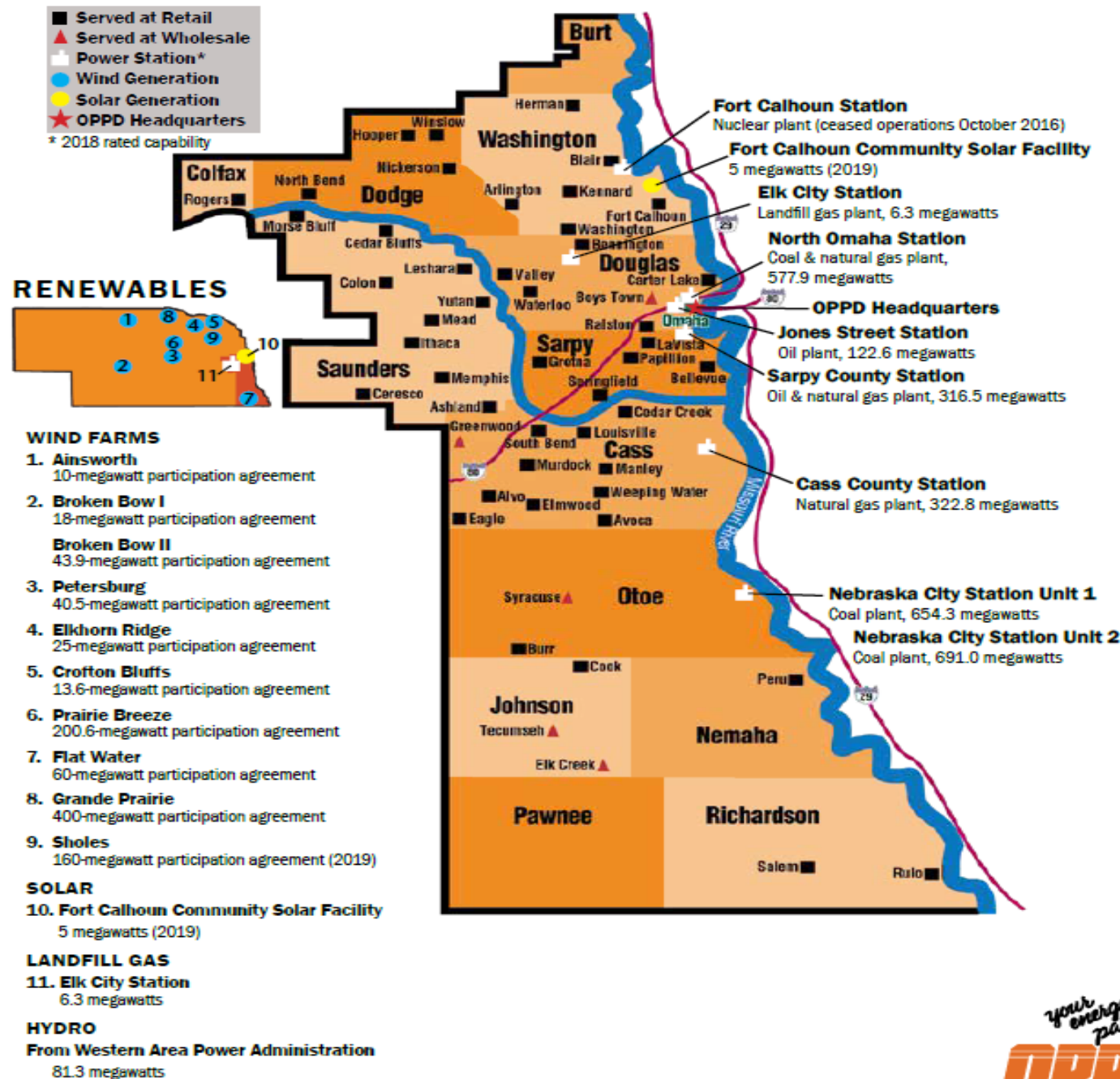
ASSURANCE

RESULTS

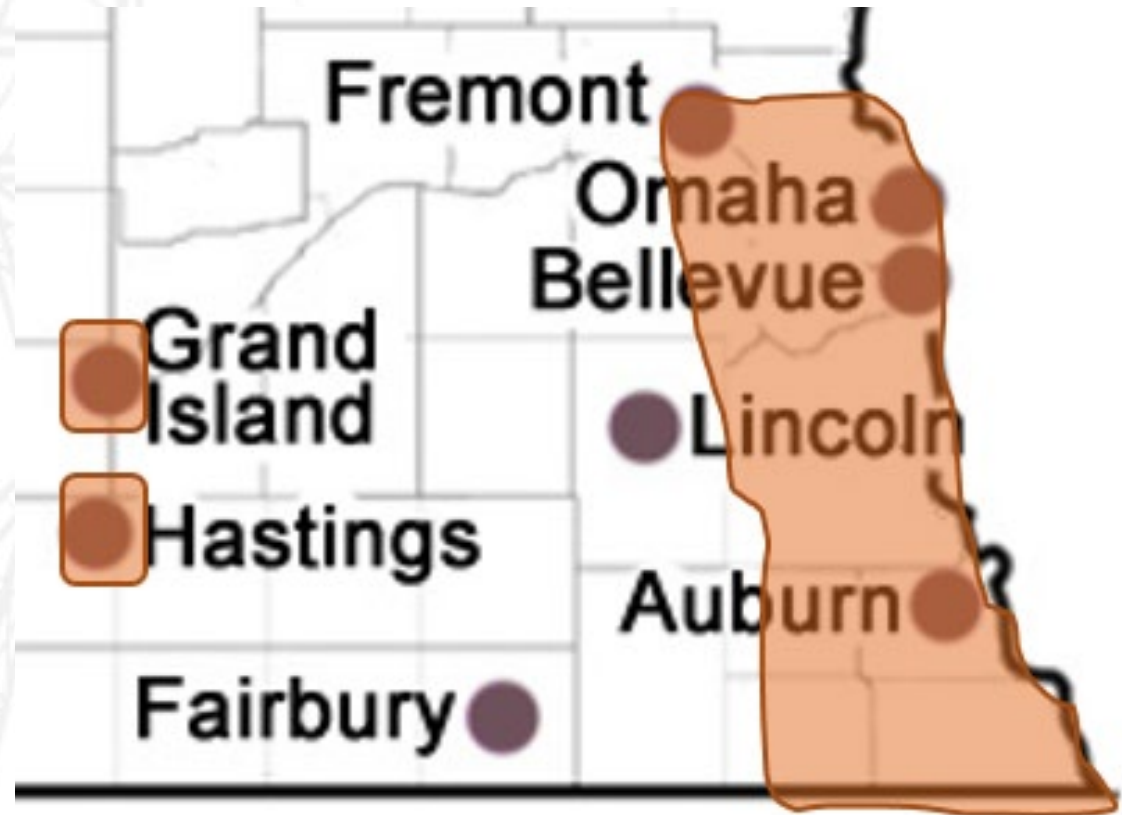
# Service Territory

Registrations:

1. Transmission Owner (TO)
2. Transmission Operator (TOP)
3. Generator Owner (GO)
4. Generator Operator (GOP)
5. Distribution Provider (DP)
6. Resource Planner (RP)
7. Transmission Planner (TP)



# **TOP Operations Area with Grand Island and Hastings**





# How did you prepare your team, yourself, your SMEs?

- **Prior:**

- SMEs & leadership Training
- Outside resources – year prior to audit
- Received updated Compliance Oversight Plan (COP) Fall 2021

- **During:**

- Utilized Audit Checklist
  - Timeline, accountability, etc.
- Scope Review by the Compliance team



# Audit

- **On-Site Combo (O&P/CIP) audit – 6/27 - 7/1**
  - Audit Notice 2/7
  - Audit Period 12/27/2018 - 2/7/2022 (off-site began 6/6)
  - 16 auditors (on/off site)
- **Scope**
  - Operationally focused
  - Newer standard
  - Data intense due to the type of requirements



# Positive Observations

- **Professionalism of the MRO audit team**
  - Cooperative and flexible with schedules and RFIs
  - Audit Team Lead (ATL) discussions started prior to the audit notification (120 days notice)
- **Audit scope within the COP**
  - Followed up on prior audit Area(s) of Concern and Recommendations
    - One requirement was within the audit scope





# Positive Observations

- **The 120 days Audit Notification process allows more time for better**
  - Preparation
  - SME timelines on RFIs
    - Data intense due to the type of requirements subject to the audit



# Learning Opportunities

- **Most Data intense requirements in the scope**
  - Audit scope should consider separating these requirements in different outreach forms
- **CIP Evidence Request Tool (ERT) may need more training**



# What would you do differently next time?

- **Newer O&P standard in scope**
  - Discussions to target scope and types of evidence
- **Documentation improvements**



# 2022 MRO CMEP Conference

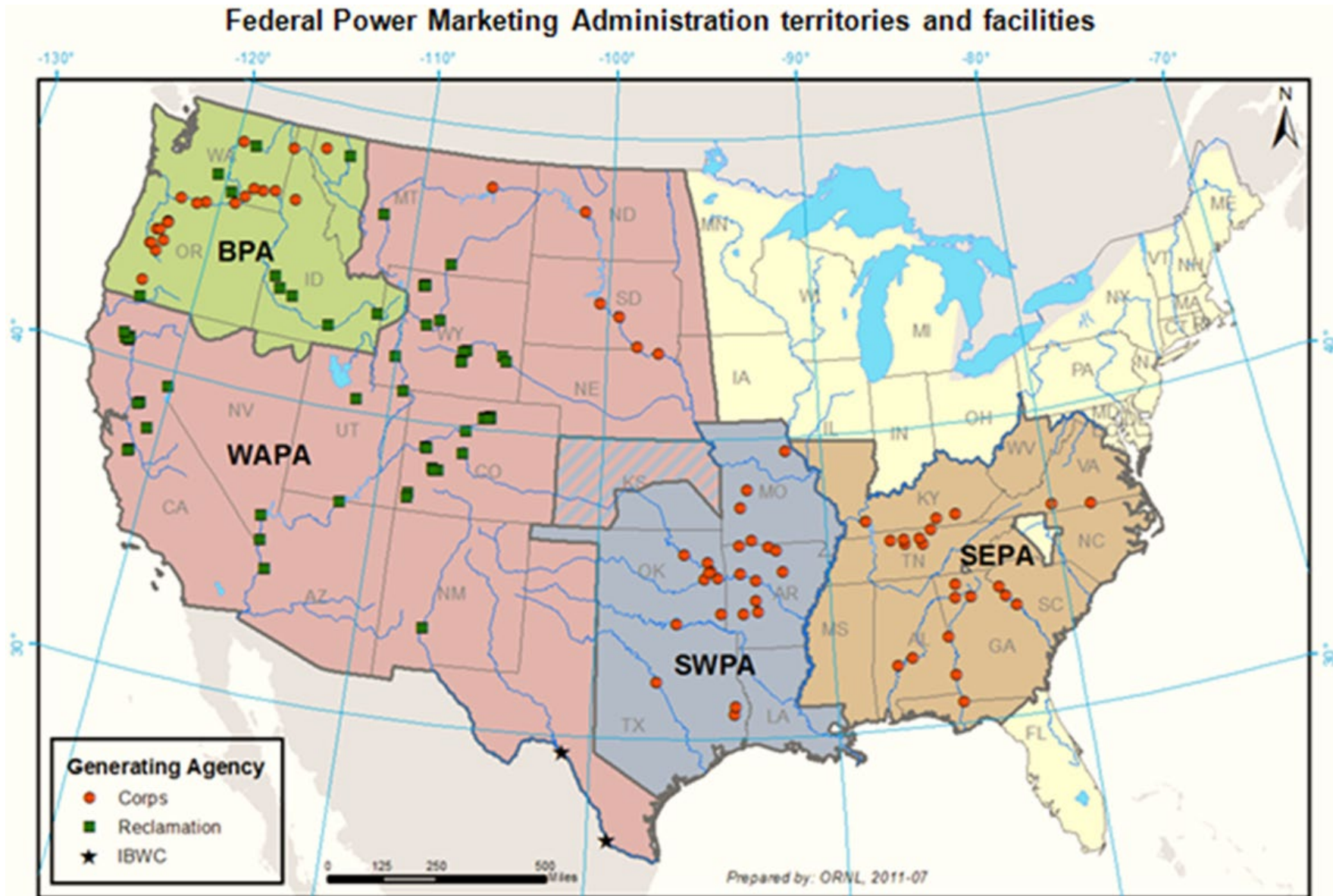
## Registered Entity Compliance Programs

Mark Buchholz

Western Area Power Administration

July 26, 2022





Federal Power  
Marketing  
Administration  
s





# What is WAPA?

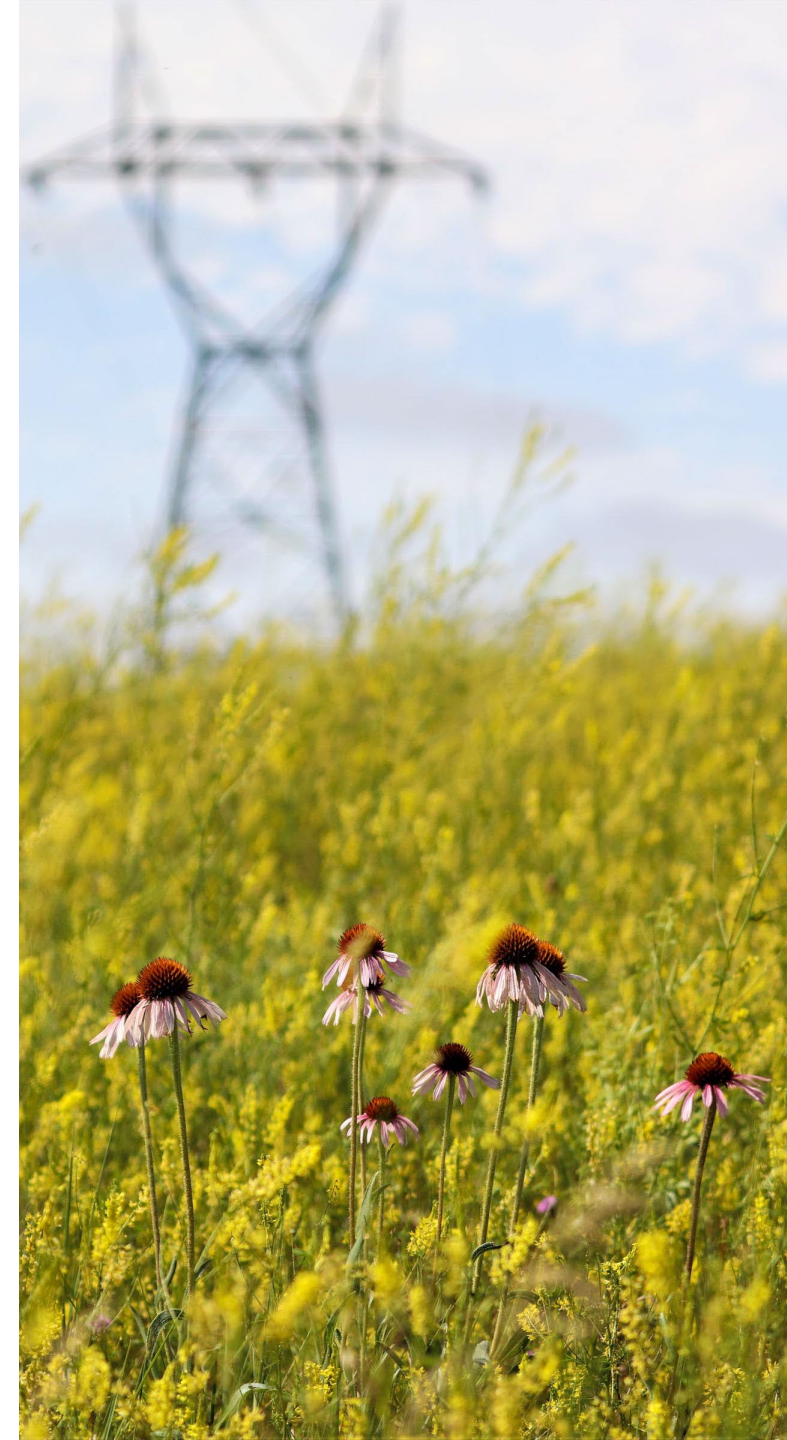
Wholesale Power Supplier for 14 Federal Water Projects

Serves more than 700 long term, firm power, preference customers

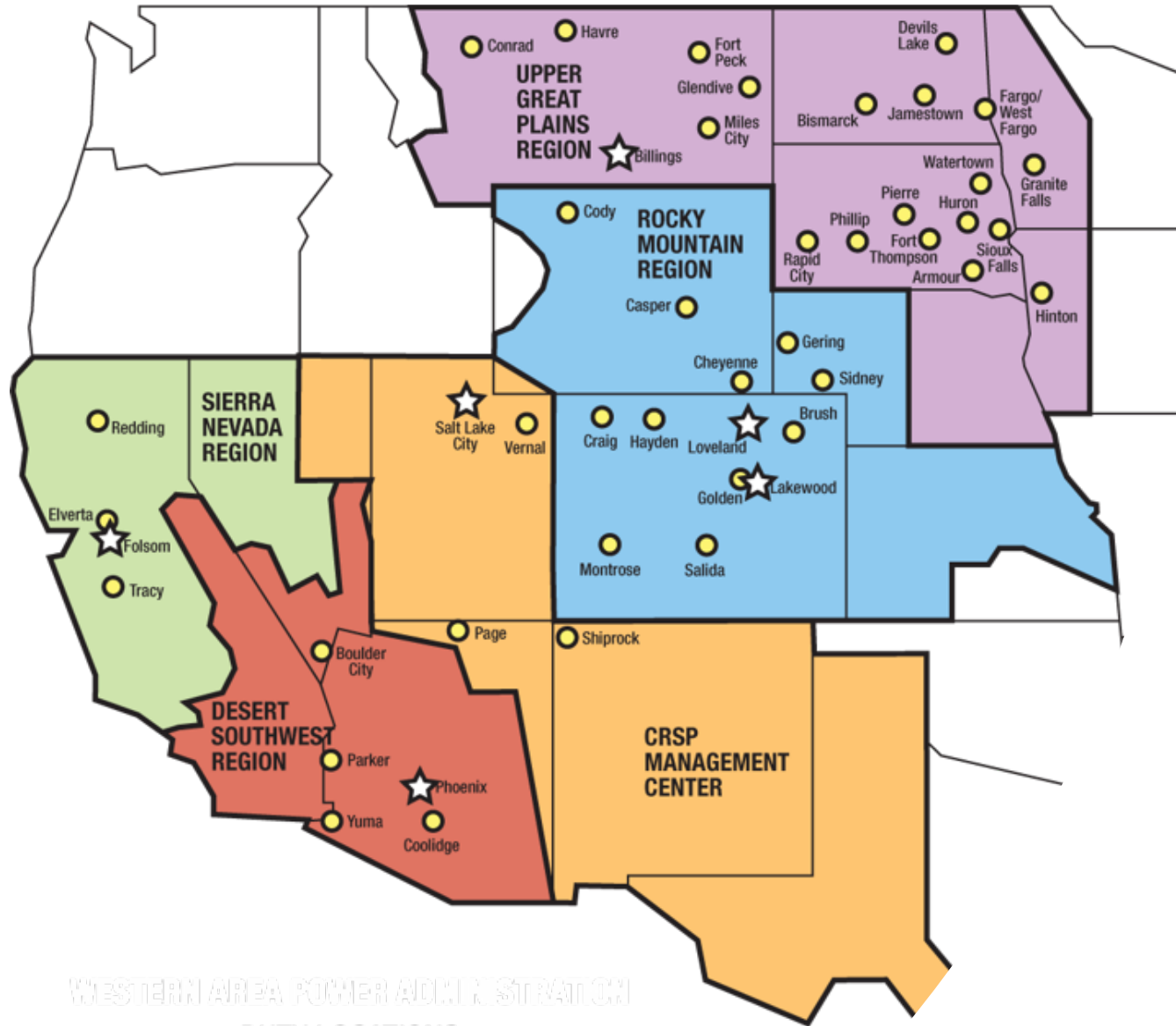
15 State Footprint in the Central and Western United States

1.3 Million Square Mile Service Territory

Providing Reliable Power to 40 Million Americans





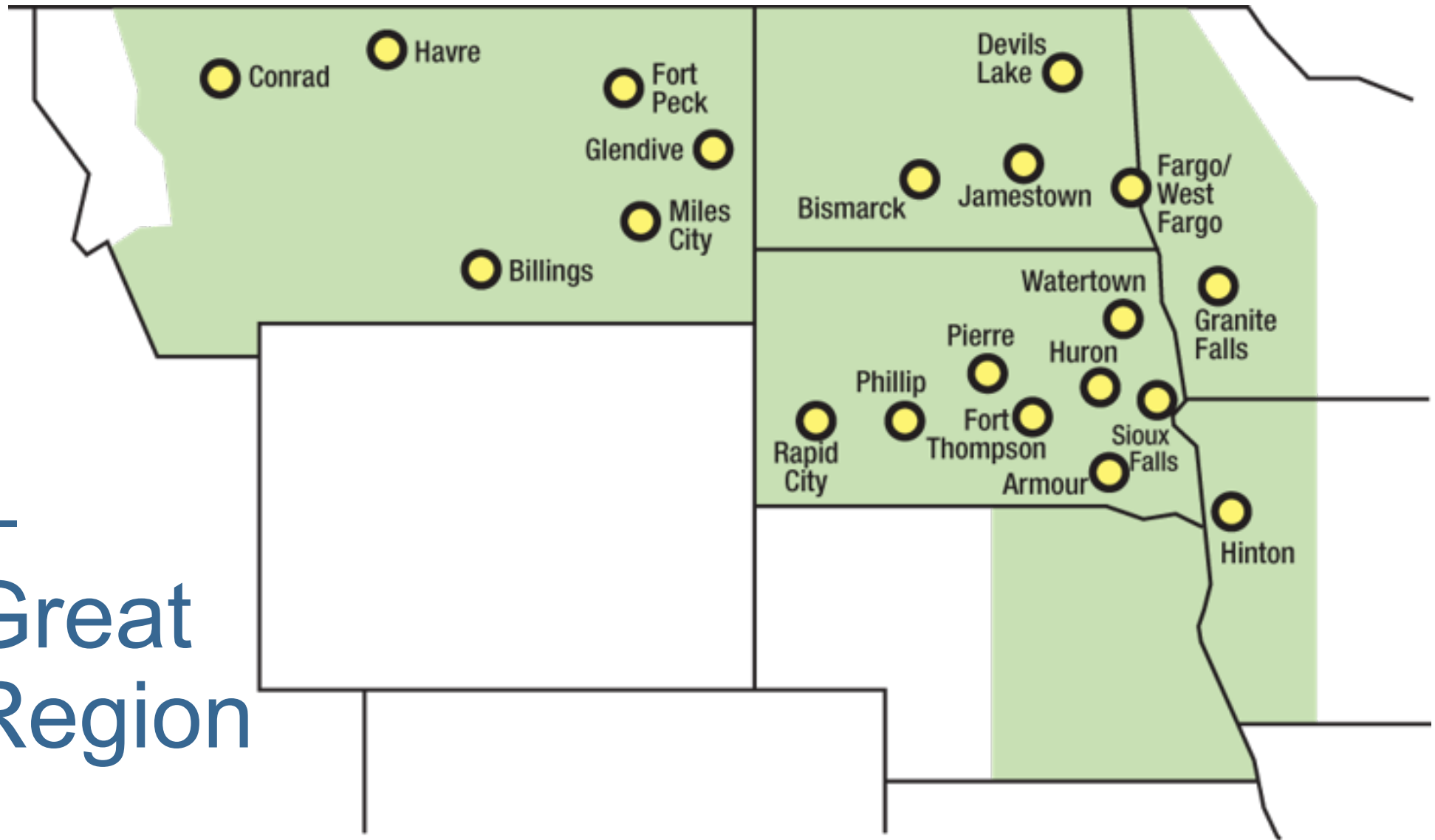


# WAPA Regional Offices

WESTERN AREA RIVER ADMINISTRATION  
DUTY LOCATIONS



# WAPA – Upper Great Plains Region





# WAPA – Upper Great Plains Region Operations





# WAPA – Upper Great Plains Region Maintenance



# WAPA-UGPR NERC Registrations

Balancing Authority (BA)

Transmission Owner (TO)

Transmission Operator (TOP)

Transmission Planner (TP)

Resource Planner (RP)



# WAPA-UGPR – What Works for Us

Tone from the Top

Reliability Standards Compliance Team  
(RSCT)

Compliance Specialists, Reliability Standard  
Owners & Subject Matter Experts

Data Request Team





# WAPA-UGPR – What Works for Us

Training

Central Repository for Compliance -  
SharePoint

Preparation – Compliance is a Journey, not a  
Destination

Communication



# WAPA-UGPR – 2022 Audit

Audit Notice – November 9, 2021

Audit Period – November 7, 2018, thru November 8, 2021

Revised Compliance Oversight Plan – December 3, 2021

Combined MRO/WECC Audit (14 Auditors, 5 Observers)

Combined O&P/CIP Audit Performed Off-Site Due to COVID



# WAPA-UGPR – 2022 Audit

10 Standards, 20 Requirements

11 Interviews, 30 Requests for Information

Pre-Audit Data Requests for O&P

Included Follow Up of Recommendations and Areas of Concern from the 2019 Audit

Evidence Request Tool Used for Pre-Audit CIP Data



# WAPA-UGPR – 2022 Audit Observations

Professional

Flexible

Evidence Request Tool for CIP

Internal Controls Discussions

COVID Restrictions



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# AUDIT BEST PRACTICES AND PREPARATION

Chuck Wicklund, Otter Tail Power Company





# WHO WE ARE



Investor-owned electric utility providing electricity and energy services in Minnesota, North Dakota, and South Dakota.

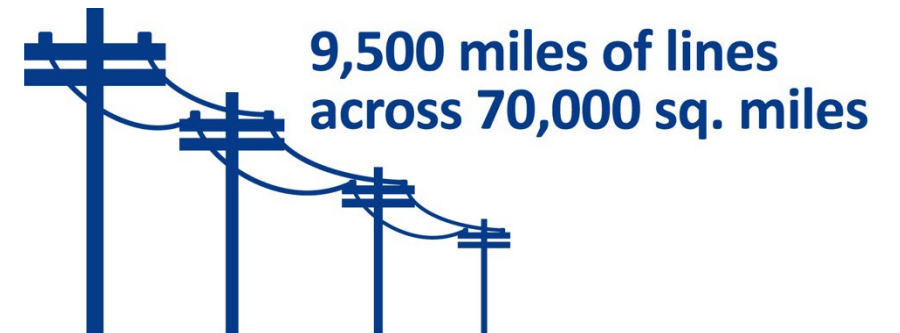
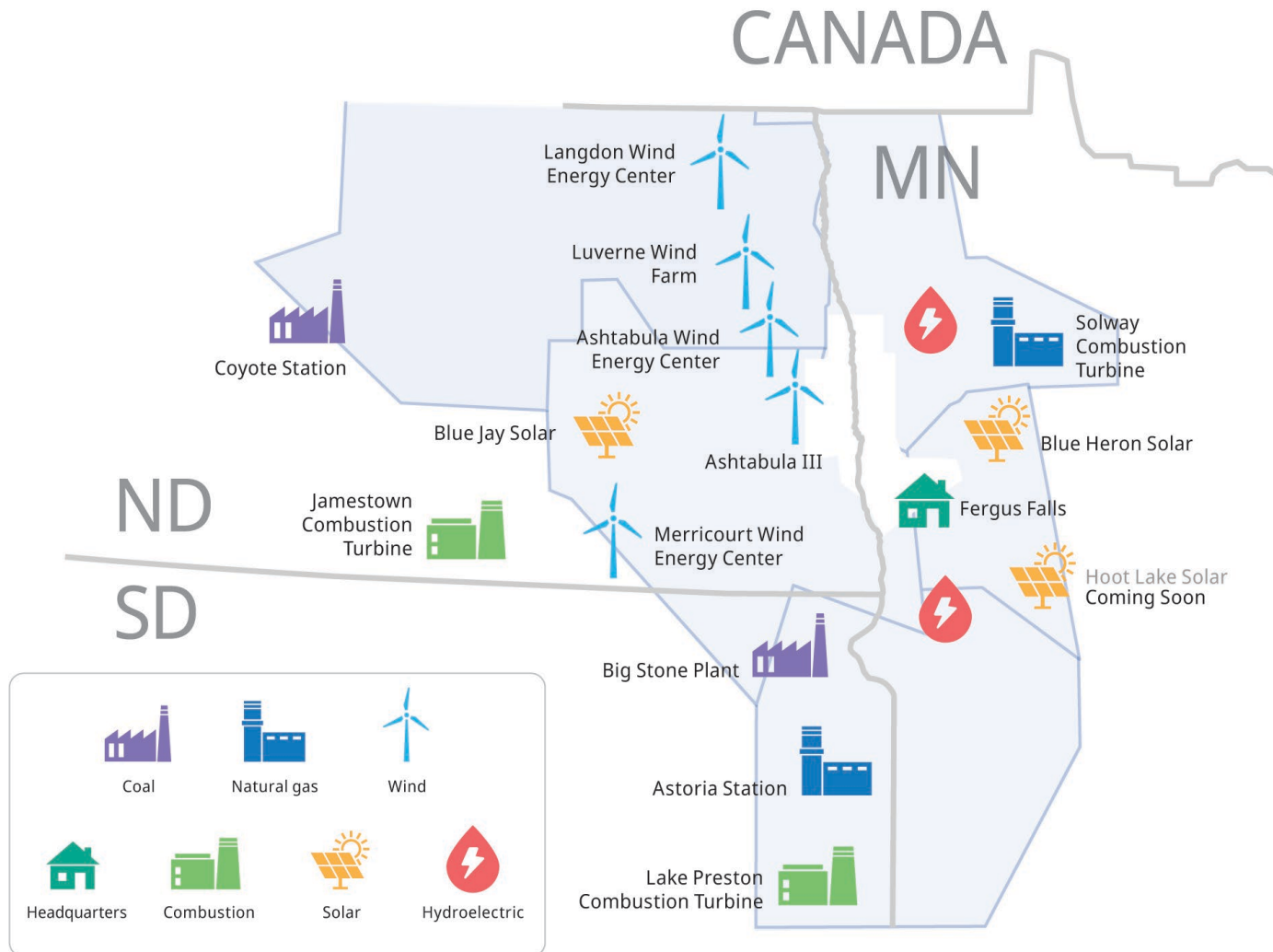
## NERC Registered Functions

- Balancing Authority
- Distribution Provider
- Generator Owner
- Generator Operator
- Resource Planner
- Transmission Owner
- Transmission Operator
- Transmission Planner

## Last audited in May 2022

- Combined CIP / O&P with FERC observers

# WHO WE SERVE



# AUDIT PREPARATIONS

## Prepare your program

- Compliance program supports culture of compliance.
- Start early, check often, and work toward the test.

## Prepare your team

- Encourage/enforce standard ownership
- Support new Standard Owners / SMEs

## Prepare yourself

- Dedicate appropriate time and resources for the audit tasks
  - Review applicable standards and guidance
  - Don't forget to sleep
-

# HOW IT WORKS AT OTTER TAIL

- Formalized program with direct involvement from executive and middle management
  - Designated Standard Owners supervising Subject Matter Experts
  - Guidance and oversight from compliance staff
  - Additional support from regulatory filings team
  - Evergreen RSAWs and evidence examples
-

# CONTINUOUS IMPROVEMENT

- Document and institutionalize RFI receipt and response process.
    - Include CIP Responses as much as possible
  - Formal communications plan for pre-, intra-, and post-audit messaging.
  - Internal controls
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