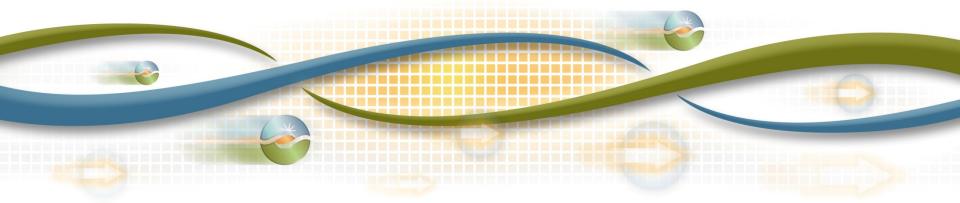


Acceptance of the 2014 Operational Audit

Nancy Traweek
Executive Director, System Operations

Audit Committee General Session December 17-18, 2014



The 2014 Operations Audit reviewed congestion management activities.

- PricewaterhouseCoopers LLP performed the assessment based on management assertions associated with the following Operating Procedures:
- Transmission Conforming #2220
- System Operating Limit Establishment Procedure for the Operations Horizon #3100
- Normal Operations Planning Process #3200
- Nomograms, Transmission Corridors and Contingency Data #3610
- Audit periods
 - − August 4 − 8
 - September 15 − 19



Ten procedure elements were evaluated over the audit period, with deviations detected in these areas.

- Seven elements audited had no deviations identified
- Administerial deviations from Operating Procedures were detected in three elements
 - "Active Period" for one nomogram
 - Naming convention for nomograms and transmission corridors
 - Logging of transmission conformances

Detected deviations did not have an impact on reliability or market systems



Next steps

- Review results with all Generation Dispatchers and Operating Engineers
- Review procedural elements for clarity
- Reinforce importance of thorough Operating Procedure adherence with all real-time personnel
- Explore software enhancement to incorporate reason field for conformances