

Wolf Hollow I, L.P.

NERC ID # NCR04166

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: October 29 & 30, 2008
Audit Location: Texas Regional Entity
Report Date: December 23, 2008
Prepared By: Brent J. Torgrimson, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

An off-site compliance audit of Wolf Hollow I, L.P. was conducted October 29 & 30, 2008. The NERC Reliability Standards that are actively monitored for 2008 were reviewed based on Wolf Hollow I, L.P.'s registration as a Generator Owner (GO) and Generator Operator (GOP). The audit team consisted of three representatives from Texas Regional Entity (Texas RE) and one representative from North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by Wolf Hollow I, L.P. and the interviews of Wolf Hollow I, L.P.'s personnel, Wolf Hollow I, L.P. met all of the NERC Standard requirements.

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review Wolf Hollow I, L.P.'s compliance with the requirements of the reliability standards that are applicable to them based on their registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document Wolf Hollow I, L.P.'s compliance culture.

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are actively monitored in 2008 and any others that may be identified by the audit team at the time of the audit applicable to GO and GOP. The audit was performed by three team members of Texas RE and a NERC representative.

For the 2008 CMEP, the monitoring period for the compliance audit will be the past 12 months or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Wolf Hollow I, L.P. prior to the audit. Work history and conflict of interest forms submitted

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

by each audit team member were provided to the Wolf Hollow I, L.P.. Wolf Hollow I, L.P. was given an opportunity to object to any audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. Wolf Hollow I, L.P. accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Wolf Hollow I, L.P. was sent a pre-audit questionnaire and Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAWs and pre-audit questions with Wolf Hollow I, L.P.'s management and supervisors. Texas RE audit team interviewed operations personnel and reviewed documents to substantiate those operations personnel were trained and capable of following the procedures to ensure reliable operations from that entity. The audit team also interviewed IT, Communications, and Planning personnel as necessary to get answers to questions and verify documentation.

The audit team conducted an exit briefing immediately following the audit with Wolf Hollow I, L.P.. The audit team verbally shared its preliminary results with Wolf Hollow I, L.P.'s management.

2.4 Company Profile

Wolf Hollow I, L.P., a Delaware limited partnership, owns the 720 MW Wolf Hollow electricity generating station. Wolf Hollow I, L.P. is owned by certain investment funds managed by Stark Investments, a large multi-strategy investment management company with headquarters in St. Francis, Wisconsin. Wolf Hollow I, L.P. has no direct employees and conducts its day to day business via contractors including North American Energy Services (NAES) of Issaquah, Washington, the Operations and Maintenance (O&M) service provider. Stark employees provide asset management oversight for the business.

2.5 Audit Specifics

Audit Date: October 29 & 30, 2008
Audit Location: Texas RE

Texas RE Audit Team:

Name	Company/Title
Brent Torgrimson	Texas RE/Audit Team Leader
Frank Vick	Texas RE/Auditor
Bob Collins	Texas RE/Auditor
Jule Tate	NERC/Auditor

Wolf Hollow I, L.P. Audit Participants:

Name	Title/Company
Jack Jackson	Project Engineer, NAES Corporation
Kelly Fleetwood	Plant Manager, NAES Corporation

Name	Title/Company
Adam Jackson	Plant Engineer, NAES Corporation

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Wolf Hollow I, L.P. was compliant with all 2008 actively monitored NERC Standards at the time of the audit.

The following table is a summary of the auditor's notes for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	NA
BAL-005-0	R3.	NA
BAL-005-0	R4.	NA
BAL-005-0	R5.	NA
BAL-005-0	R6.	NA
BAL-005-0	R7.	NA
BAL-005-0	R8.	NA
BAL-005-0	R9.	NA
BAL-005-0	R10.	NA
BAL-005-0	R11.	NA
BAL-005-0	R12.	NA
BAL-005-0	R13.	NA
BAL-005-0	R14.	NA
BAL-005-0	R15.	NA
BAL-005-0	R16.	NA
BAL-005-0	R17.	NA
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002 thru 9		Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	NA
EOP-004-1	R1.	NA
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-004-1	R4.	NA

Reliability Standard	Requirement	Finding
EOP-004-1	R5.	NA
EOP-009-0	R1.	Compliant
EOP-009-0	R2.	Compliant
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-001-1	R1.	NA
IRO-001-1	R2.	NA
IRO-001-1	R3.	Compliant
IRO-001-1	R4.	NA
IRO-001-1	R5.	NA
IRO-001-1	R6.	NA
IRO-001-1	R7.	NA
IRO-001-1	R8.	Compliant
IRO-001-1	R9.	NA
IRO-004-1	R1.	NA
IRO-004-1	R2.	NA
IRO-004-1	R3.	NA
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	NA
IRO-004-1	R6.	NA
IRO-004-1	R7.	NA
IRO-005-1	R1.	NA
IRO-005-1	R2.	NA
IRO-005-1	R3.	NA
IRO-005-1	R4.	NA
IRO-005-1	R5.	NA
IRO-005-1	R6.	NA
IRO-005-1	R7.	NA
IRO-005-1	R8.	NA
IRO-005-1	R9.	NA
IRO-005-1	R10.	NA
IRO-005-1	R11.	NA
IRO-005-1	R12.	NA
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	NA
IRO-005-1	R15.	NA
IRO-005-1	R16.	NA
IRO-005-1	R17.	NA

Reliability Standard	Requirement	Finding
PRC-004-1	R1.	NA
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-016-0	R1.	Compliant
PRC-016-0	R2.	Compliant
PRC-016-0	R3.	Compliant
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
TOP-002-2	R1.	NA
TOP-002-2	R2.	NA
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	NA
TOP-002-2	R5.	NA
TOP-002-2	R6.	NA
TOP-002-2	R7.	NA
TOP-002-2	R8.	NA
TOP-002-2	R9.	NA
TOP-002-2	R10.	NA
TOP-002-2	R11.	NA
TOP-002-2	R12.	NA
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	NA
TOP-002-2	R17.	NA
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	NA
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	NA
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	NA
VAR-002-1	R5.	Compliant

3.2 Conclusion

Wolf Hollow I, L.P. was found in compliance with the standards that were audited.

3.3. Compliance Culture

Based on the information provided in the Audit General Information Request and the audit results, Wolf Hollow I, L.P. has a compliance program in place which promotes compliance within the company. Wolf Hollow I, L.P. was cooperative with the audit team's additional information requests.