

Kiowa Power Partners

NERC ID # NCR04088

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: November 6 & 7, 2008
Audit Location: Texas Regional Entity
Report Date: January 5, 2009
Prepared By: David Bueche, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

An off-site compliance audit of Kiowa Power Partners was conducted November 6 & 7, 2008. The NERC Reliability Standards that are actively monitored for 2008 were reviewed based on Kiowa Power Partners' registration as a Generator Owner (GO), Generator Operator (GOP), and Transmission Owner (TO). The audit team consisted of three representatives from Texas Regional Entity (Texas RE), one representative from Southwest Power Pool (SPP), and one representative from North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by Kiowa Power Partners and the interviews of Kiowa Power Partners' personnel, Kiowa Power Partners 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 Kiowa Power Partners' 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 Kiowa Power Partners' 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, GOP, and TO. 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

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

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Kiowa Power Partners prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the Kiowa Power Partners. Kiowa Power Partners 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. Kiowa Power Partners accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Kiowa Power Partners 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 Kiowa Power Partners' management and supervisors. Texas RE audit team 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 conducted an exit briefing immediately following the audit with Kiowa Power Partners. The audit team verbally shared its preliminary results with Kiowa Power Partners' management.

2.4 Company Profile

Kiowa Power Partners, LLC (KPP) is owned and operated by affiliates of Tenaska, Inc. KPP is a 1200 MW combined cycle facility located in Kiowa, OK. KPP is dual grid capable providing power to ERCOT and SPP.

2.5 Audit Specifics

Audit Date: November 6 & 7, 2008
Audit Location: Texas RE

Texas RE Audit Team:

Name	Company/Title
David Bueche	Texas RE/Audit Team Leader
Frank Vick	Texas RE/Auditor
Tony Shiekhi	Texas RE/Auditor
Jim Williams	Southwest Power Pool/Auditor
Jule Tate	Jule Tate

Kiowa Power Partners Audit Participants:

Name	Title/Company
Todd Jonas	Vice President, Operations
Robert Pope	Plant Manager
Robert Bell	Plant Engineer

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Kiowa Power Partners 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
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
EOP-004-1	R1.	Compliant
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-009-0	R1.	Compliant
EOP-009-0	R2.	Compliant
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	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	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	Compliant
PRC-010-0	R2.	Compliant

Reliability Standard	Requirement	Finding
PRC-011-0	R1.	Compliant
PRC-011-0	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
PRC-021-1	R1.	Compliant
PRC-021-1	R2.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

3.2 Conclusion

Kiowa Power Partners 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, Kiowa Power Partners has a compliance program in place which promotes compliance within the company. Kiowa Power Partners was cooperative with the audit team's additional information requests.