



Compliance Audit Report Public

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**Terrebonne Parish Consolidated
Government**
NCR01152

**Audit
August 12-13, 2009**

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Executive Summary

This **public version** of the final compliance audit report is for public distribution. The report will be submitted to Terrebonne Parish Consolidated Government (TPCG) and to NERC upon approval by the SPP RE.

TPCG was scheduled for an off-site audit in 2009 as part of the NERC Compliance Monitoring and Enforcement Program (CMEP). TPCG is subject to an audit at least once every six years as provided by the NERC Rules of Procedure. The audit team reviewed the material provided by TPCG and additional information that was requested during the audit. After the SPP RE audit team reviewed the material, it developed the audit findings on TPCG's compliance to the standards.

SPP RE audit team reviewed 11 NERC Standards with the TPCG staff. The audit team found 5 standards did not apply to TPCG operations at this time. The audit team reviewed the company evidence for each requirement in the standards with TPCG subject matter experts. TPCG provided evidence to support its compliance with the standards.

TPCG did not have any outstanding mitigations plans to review.

After reviewing the evidence presented by TPCG, the audit team found TPCG to be compliant with all 10 applicable requirements and all 6 applicable NERC Reliability Standards.

The results are further explained in the Findings in the Audit Results section of this report which includes detailed information of the audit team's determination of applicability and compliance for the Reliability Standards within the scope of the compliance audit.

Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

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 the company's compliance with the requirements of the NERC and regional reliability standards that are applicable to the company based on the company's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Review self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Validate coordination with neighboring BAs, TOPs, and the Reliability Coordinator.
- Document the company's compliance culture.

Scope

The compliance off-site audit includes all reliability standards applicable to the TPCG monitored in the NERC Implementation Plans in the current and two previous years, and may include other reliability standards applicable to the Registered Entity. Some periodically monitored standards were reviewed at the SPP RE office. The results of the off-site reviews are included in the audit report.

The Monitored Compliance Program includes 49 NERC Standards for audit in 2009. Thirty-eight of the Standards are not applicable to the TPCG registered functions. The audit team reviewed 11 standards off site with TPCG subject matter experts. Five standards covering functions not performed by TPCG were not applicable to the company at this time.

The audit included questionnaires from the neighboring Balancing Authorities, Transmission Operators, and the Reliability Coordinator. Any identified issues found in the neighboring and Reliability Coordinator questionnaires were addressed during the audit.

If a company has an outstanding mitigation plan or has just completed a mitigation plan, the progress or completion of the plan was validated by the audit team. TPCG did not have any outstanding mitigations plans.

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

This audit report includes the findings from the off-site review of the company's evidence.

Confidentiality and Conflict of Interest

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and Regional Entity staff were provided to the SPP RE and the audited entity in advance of the audit. The work history of each audit team member was provided to SPP RE and the company. The company was given an opportunity to object to an 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. TPCG accepted the final audit team member participants with no objections. SPP RE found no conflict of interest for any of the audit team members.

Off-site Audit

The off-site audit is part of the NERC CMEP. TPCG is subject to an audit once at least every six years as provided by the NERC Rules of Procedure. The off-site audit covers the 2009 NERC monitored standards, any Regional standards identified and possible other NERC standards listed in the pre-audit information. Companies on the 2009 off-site audit list were notified in the fall of 2008 about its upcoming audit and scheduled for the audit. Sixty days in advance, a letter explaining the audit was sent to the company. SPP RE sent the company a request for data and documents to complete. The pre-audit material included the audit team members, audit agenda, standards to be reviewed off-site, a pre-audit survey, the standards questionnaires, and the option to reject any audit team member. The pre-audit material received from the company provided the audit team an explanation on how the company operates for the functions for which it is registered.

The standards and supporting evidence to show compliance with the standards were reviewed with the company. The audit team received evidence supporting compliance with each requirement of the audited standards. Evidence included summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources. Information gathered from its Balancing Authority, Transmission Operator, and Reliability Coordinator was considered during the review of evidence. The audit team reviewed the evidence for each standard and requirement with the company's subject matter experts. This process enabled the team to get immediate answers to questions that arose. This process also exposed other company staff to the audit process which helped solidify why a company follows certain procedures and processes. Any self-reported violations or open mitigation plans were reviewed by the audit team. The audit team used the evidence, the discussions with the company subject matter experts along with their professional judgment to decide on the recommended findings for the report.

The lead auditor presented the findings of the audit to the company staff. TPCG included several staff members for the presentation. The presentation covered the findings for the standards reviewed. The final report process was explained along with the security of the audit information. TPCG was informed that the public report will be posted on the NERC and SPP RE websites after all due processes are complete. TPCG was also notified that a post-audit

questionnaire will be provided for them to make any comments about the audit or audit team.

There was a question and answer session after the presentation. The lead auditor answered all the questions and thanked TPCG for its effort.

Methodology

The audit team reviewed the evidence supplied by the company for each requirement of all NERC standards that apply to the functions performed by the company to determine if the

company complied with that requirement. The company would be found to be noncompliant with requirements where compliance cannot be confirmed.

The audit was conducted using a teleconference with a WebEx for document review by the audit team. The audit team members completed individual assignments during the audit process. TPCG used subject matter experts as the audit team reviewed the standards with them. The subject matter experts explained the evidence and answered all questions the team asked. TPCG shared most of its evidence on the WebEx. The WebEx presentation was very useful since all of the team could review the evidence at the same time.

The audit team held a separate conference call after the company had presented evidence. The team reviewed each requirement and discussed the levels of compliance and addressed each team member's notes from the audit. The audit team decided on the findings to present to the company and the SPP RE. The audit team developed the closing presentation of audit findings. The lead auditor gave the presentation to the TPCG staff and answered all their questions.

Audit Overview

At the beginning of the audit, the audit process was discussed with the company personnel to verify if any changes to the agenda were warranted. There were no changes identified by either party.

Audit

The TPCG audit was performed as planned. The agenda was followed with only minor staff adjustments.

Exit Briefing

The audit team gave an exit presentation for the TPCG staff. The team lead explained the findings from the audit. The presentation included the TPCG staff that participated in the audit and other staff. The presentation was open for comments and discussion about the findings. The exit presentation also covered any possible violations and mitigation requirements. TPCG was informed that it will receive an audit evaluation to complete and return to NERC.

The audit team used the exit presentation to help verify that the information presented is correct.

Company Profile

TPCG performs the following NERC functions and is registered with NERC/SPP RE for these functions:

- Load Serving Entity
- Distribution Provider

TPCG Utilities Department is a municipal multi-service utility. The department manages; electric generation, electric distribution, gas distribution, solid waste services, GIS mapping, and administrative support. TPCG services 12,532 consumers.

TPCG's is a summer peaking system with a peak of 77.2 MW. TPCG owns and maintains 123 miles of 13.8 KV and below, 34.5 miles of 34.5 KV and 2.5 miles of 115 KV transmission line. It has one interconnection with Entergy at 115 KV. TPCG has approximately 80 MW of natural gas fuel generation connected to their 34.5 KV system and 22.7 MW entitlement (PPA) from Louisiana Energy and Power Authority (LEPA).

LEPA is the Balancing Authority and Entergy is the Transmission Operator for TPCG. SPP is the Reliability Coordinator for TPCG.

Audit Specifics

The compliance audit was conducted on August 12 - 13, 2009 from the SPP RE offices office in Little Rock, AR with the TPCG staff in Houma, LA and the audit staff in various offices.

Audit Team

Title	Company
Lead Compliance Specialist	SPP RE
Lead Compliance Engineer	SPP RE
SPP RE Contractor	SPP RE
SPP RE Contractor	SPP RE

TPCG Audit Participants

Title	Organization
Utilities Director	TPCG
Electric Distribution Superintendent	TPCG
Electric Generation Superintendent	TPCG
Administrative Assistant	TPCG
ECC Operations Manager	LEPA

Audit Results

SPP RE audit team reviewed 11 NERC Standards with the TPCG staff. The audit team found 4 standards did not apply to TPCG operations. The audit team reviewed the company evidence for each requirement in the standards with TPCG subject matter experts. TPCG provided evidence to support its compliance with the standards.

TPCG did not have any outstanding mitigations plans.

TPCG did not have any violations or mitigation plans open for review during this audit. After reviewing the evidence presented to the audit team, TPCG was found compliant with all 11 applicable requirements and all 6 NERC Reliability Standards that apply to the functions it is registered to perform in the SPP Region.

Senior management attended both the opening and closing presentations. TPCG was prepared for the audit and presented its documentation in a concise manner. TPCG subject matter experts presented the material supporting its compliance to the standard requirements for their area. They demonstrated that TPCG is striving to improve its compliance program.

Prior to being forwarded to SPP RE Executive Director of Compliance for review and approval as SPP RE's Final Public audit Report for TPCG, the content and accuracy of this report:

- Is reviewed and commented on by all audit team members
- Is reviewed by TPCG's management for correction and comment, and
- Is reviewed and approved by the Audit Team Lead

This report will be reviewed and approved by SPP RE's Executive Director of Compliance before being issued as SPP RE's Final Public Audit Report of TPCG.

Findings

TPCG Off-site Audit Findings

*N/A – Not Applicable

PV – Possible Violation

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant

Reliability Standard	Requirement	Finding
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
EOP-002-2	R9.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-1	R13.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R3.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-017-0	R1.	N/A
TOP-001-1	R4.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant

Compliance Culture

TPCG completed a questionnaire prior to the compliance audit. TPCG compliance program is administered by the TPCG Utilities supervising staff; Utilities Director, Electric Generation Supt., Electric Distribution Superintendent, and Administrative Assistant; related policies and procedures are documented; First-level subordinate positions to the above administrators are familiarized with the nature and scope of the policies and procedures. To provide maximum coverage and flexibility the Utilities Department, Electric Generation Superintendent, Electric Distribution, Superintendent, and Administrative Assistant function as a group to oversee

Reliability Compliance. The Utilities Department bears primary responsibility for this function. The Utilities Director has direct access to the Parish President (executive head) and Parish Council members (legislative delegation).

The Utilities Department does review its internal compliance requirements as changes occur either internally or when requirements are updated. Current procedures dictate that Louisiana Power and Energy Authority (LEPA) is to provide an external audit bi-annually.

Affected peer agencies (public safety agencies) are made aware of the existence of policies.

Post Audit Activities

This report was reviewed:

Approved by Ronald W. Ciesiel, Executive Director of Compliance, SPP RE

Date: November 23, 2009