



**Compliance Audit Report
Public Version**

Colorado Springs Utilities (CSU)
NERC ID# NCR05106

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

Date of Audit: April 27 – May 1, 2009

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an on-site compliance audit of Colorado Springs Utilities (CSU) (NERC ID # NCR05106), on April 27 – May 1, 2009. At the time of the audit, CSU was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Distribution Provider (DP)	Transmission Service Provider (TSP)
Generator Owner (GO)	Transmission Planner (TP)
Generator Operator (GOP)	Planning Authority (PA)
Load-Serving Entity (LSE)	Purchasing-Selling Entity (PSE)
Transmission Owner (TO)	Resource Planner (RP)
Transmission Operator (TOP)	

The Audit Team evaluated CSU for compliance with 36 NERC Reliability Standards for the period of June 18, 2007 – May 1, 2009 in accordance with the 2009 NERC Compliance Monitoring and Enforcement Program Implementation Plan. The Audit Team also evaluated CSU for compliance with one additional NERC Reliability Standard (FAC-013-0) associated with a completed mitigation plan accepted by WECC in 2009, and five WECC Regional Reliability Standards. CSU provided information for evaluation by the Audit Team. The information provided by CSU is described below in the section titled “On-Site Audit.”

Based on the information provided by CSU, the Audit Team determined that CSU complied with the audited Reliability Standards. The Audit Team found no new possible violations. The section below titled “Audit Results” explains the Audit Team’s findings in detail.

<http://www.nerc.com/filez/enforcement/index.html>

Audit Process

The WECC Compliance Monitoring and Enforcement Program (CMEP) details the compliance audit process. The CMEP conforms generally to United States Government Accountability Office Government Auditing Standards (GAGAS) and to 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. The audit objectives are to:

- Independently review CSU’s compliance with the requirements of the Reliability Standards that apply to CSU based on CSU’s registered functions.

- Validate the Registered Entity's compliance with the applicable NERC Reliability Standards from the NERC 2009 Implementation Plan list of actively-monitored Reliability Standards and as selected by WECC.
- 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 CSU's compliance culture.

Scope

A compliance audit will include an evaluation of all of the Reliability Standards that apply to CSU monitored by WECC in accordance with the NERC and WECC 2009 Implementation Plans. The scope of an on-site compliance audit can vary depending on whether it is part of a regular, periodic scheduled audit, or as part of a compliance investigation. The Audit Team evaluated CSU for compliance during the period of June 18, 2007 to May 1, 2009.

Confidentiality and Conflicts of Interest

The WECC Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure govern issues of confidentiality and conflicts of interest that may arise as the result of an audit. WECC informed CSU of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. WECC provided the work history for each Audit Team member to CSU. CSU had the opportunity to object to an Audit Team member's participation in the audit on the basis of a possible conflict of interest or because of other circumstances that could interfere with an Audit Team member's impartiality. CSU did not submit any objections within the fifteen-day deadline.

On-Site Audit

WECC notified CSU of the audit on March 3, 2009. WECC informed CSU that the Audit Team would perform the audit in accordance with the CMEP and the 2009 NERC Compliance Questionnaire and Reliability Standard Audit Worksheets (QRSAW). WECC provided the following documents and information to CSU on March 3, 2009:

Notice of Compliance Audit

Attachment A: Compliance Monitoring Authority Letter

Attachment B: Audit Team Biographies

Attachment C: Pre-Audit Survey

Attachment D: 2009 NERC Questionnaire and Reliability Standard Audit Worksheets and WECC Reliability Standard Audit Worksheets

Attachment E: Compliance Audit Certification Letter (This certification letter is a form document that NERC requires Registered Entities to sign.)

Attachment F: Confidentiality Agreements for Audit Team members

In response to WECC's request, CSU provided completed QRSAs and WECC RSAs. CSU provided copies of the above-listed documents as well as copies of policies, procedures, plans, programs, emails, logs, studies, data sheets, sampling, reports and other types of documentation. CSU provided explanations of how CSU was compliant with the Reliability Standards, a list of documentation references and a list of subject matter experts.

Methodology

As referenced above in the Audit Process section, WECC follows the GAGAS and conducts compliance audits as described in the NERC Compliance Auditor Manual.

Audit Overview

The on-site audit began on Monday, April 27, 2009. The Audit Team lead provided an overview of the audit process. CSU personnel presented an overview of the company's organization and operations. After the introductory meeting, the Audit Team separated into sub-groups of two to three auditors to review and investigate each Reliability Standard being audited. At least twice each day, the entire Audit Team met to recount preliminary findings and to ensure the entire Audit Team concurred with each sub-group's conclusions.

Audit

During the on-site audit, the Audit Team substantiated the documents and information that CSU provided before the on-site audit commenced. The Audit Team requested additional information from CSU during the on-site audit and cross-checked that information to ensure accuracy. The Audit Team spent a significant amount of time reviewing CSU procedures, policies and records. Additionally, the Audit Team interviewed CSU personnel and subject-matter experts during the on-site audit to evaluate the CSU compliance with the applicable Reliability Standards.

To reach its conclusions during the audit process, the Audit Team relied upon the following: (1) documentation provided by CSU; (2) interviews with CSU personnel; (3) consultation with CSU's subject matter experts; (4) observations made by the Audit Team during the on-site audit; (5) the Reliability Standards; (6) the Audit Team's expertise regarding the Bulk Power System; and (7) consensus of the Audit Team's members. The interviews and documents provided by CSU provided the Audit Team with a basis for professional judgment when validating CSU's compliance with the Reliability Standards.

Exit Briefing

At the conclusion of the on-site audit, the Audit Team lead gave a slide presentation to the CSU personnel summarizing the Audit Team's preliminary findings regarding each audited Reliability Standard. The Audit Team lead also explained the next steps in the audit process and how WECC manages possible violations under the CMEP.

Company Profile

Colorado Springs Utilities (CSU) is a Municipal Utility owned by the City of Colorado Springs which provides electric, gas, water, and waste-water services. The City Council serves as the Utility Board and the Chief Executive Officer of CSU reports to the Utility Board.

There are six officers that report to the CEO, one of which is the Chief Energy Services Officer (CESO). The CESO is responsible for the gas and electric services and compliance with all NERC reliability standards.

There are three General Managers (GMs) reporting to the CESO; the GM of the Energy Supply Department; the GM of the Energy Construction, Operations and Maintenance Department; and the GM of the Energy Acquisition, Engineering and Planning Department. The generation facilities and the merchant functions are in the Energy Supply Department. The utility system operations are in the Energy Construction, Operations and Maintenance Department. The Transmission Planning and System Protection functions are part of the Energy Acquisition, Engineering, and Planning Department.

Audit Specifics

WECC conducted the compliance audit on April 27 – May 1, 2009 at CSU's offices.

Audit Team

The following is a list of Audit Team members and CSU personnel who participated in the audit.

Title	Company
Sr. Compliance Engineer (Team Lead)	WECC
Sr. Compliance Engineer	WECC
Sr. Compliance Engineer	WECC
Compliance Engineer	WECC
Compliance Consultant	WECC
Compliance Consultant	WECC
Compliance Program Coordinator	WECC

CSU Audit Participants

Title	Entity
System Operations Superintendent	CSU
IT Supervisor	CSU
Cyber Security Administrator	CSU
Physical Security Administrator	CSU
Operations Superintendent	CSU
Operations Engineer	CSU
System Protection Engineer	CSU
Electric Planning Engineer	CSU
Electric Planning engineer	CSU
Substation & Transmission Maintenance Engineering	CSU
Senior Engineer	CSU
Plant Superintendent	CSU
Electric Planning Engineer	CSU
Principal Engineer	CSU
Principal Engineer	CSU

Audit Results

The Audit Team reviewed and validated all of the evidence presented by CSU for the audit, including additional information requested by the Audit Team during the audit and information provided during interviews with CSU's subject matter experts.

- The Audit Team spent significant time reviewing the evidence, findings and conclusions. The Audit Team conducted an extensive review of CSU's procedures, descriptions of processes, transactions and records.
- The Audit Team exercised its professional judgment during the overall assessment of the evidence, and determined whether CSU's evidence was sufficient to confirm compliance with the applicable Reliability Standards.
- The Audit Team had ongoing communications with CSU during the audit.
- The Audit Team used RSAWS and summaries of auditor notes from interviews to validate compliance with each applicable Reliability Standard and to complete the findings for the audit.
- The Audit Team reviewed CSU's evidence concerning appropriate supervisory reviews, communications about any deficiencies in internal control and instances of possible violations, and the current status of any mitigation plans pending completion.

Findings

The “Finding” column may contain any one of the following: Compliant, New Possible Violation (NPV), Not Applicable (N/A), Not Audited, Retraction requested (Retract), Self-reported Violation (Self-Report), or other appropriate description.

Reliability Standard	Req.	Finding
BAL-005-0b	R1	Not Audited
	R2	N/A
	R3	Not Audited
	R4	Not Audited
	R5	Not Audited
	R6	Not Audited
	R7	Not Audited
	R8	Not Audited
	R9	Not Audited
	R10	N/A
	R11	Not Audited
	R12	Not Audited
	R13	Not Audited
	R14	Not Audited
	R15	Not Audited
	R16	Not Audited
	R17	Not Audited
CIP-001-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
COM-001-1	R1	Compliant
	R2	Not Audited
	R3	Not Audited
	R4	Not Audited
	R5	Not Audited
	R6	Not Audited
COM-002-2	R1	Compliant
	R2	Not Audited
EOP-001-0	R1	N/A
	R2	N/A
	R3	Compliant
	R4	Compliant
	R5	Compliant
EOP-001-0	R6	Compliant
	R7	Compliant
EOP-002-2	R1	N/A

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Reliability Standard	Req.	Finding
	R2	N/A
	R3	N/A
	R4	N/A
	R5	N/A
	R6	N/A
	R7	N/A
	R8	N/A
	R9	N/A
	EOP-003-1	R1
R2		Compliant
R3		Compliant
R4		Compliant
R5		Compliant
R6		Compliant
R7		Compliant
R8		Compliant
EOP-005-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant
	R6	Compliant
	R7	Compliant
	R8	Compliant
	R9	Compliant
	R10	Compliant
	R11	Compliant
EOP-008-0	R1	Compliant
FAC-001-0	R1	Compliant
	R2	Compliant
	R3	Compliant
FAC-003-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	N/A
FAC-008-1	R1	Compliant
	R2	Compliant
FAC-008-1	R3	Compliant
FAC-009-1	R1	Compliant
FAC-009-1	R2	Compliant
FAC-010-1	R1	Not Audited
	R2	Compliant

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Reliability Standard	Req.	Finding
	R3	Not Audited
	R4	Not Audited
	R5	Not Audited
FAC-013-1	R1	Compliant
	R2	Compliant
FAC-014-1	R1	Not Audited
	R2	Not Audited
	R3	Not Audited
	R4	Not Audited
	R5	Compliant
	R6	Not Audited
IRO-001-1	R1	Not Audited
	R2	N/A
	R3	N/A
	R4	Not Audited
	R5	Not Audited
	R6	Not Audited
	R7	N/A
	R8	Compliant
	R9	N/A
IRO-004-1	R1	N/A
	R2	N/A
	R3	N/A
	R4	Compliant
	R5	N/A
	R6	N/A
	R7	Compliant
IRO-005-1	R1	N/A
	R2	N/A
	R3	N/A
	R4	N/A
	R5	N/A
	R6	N/A
	R7	N/A
	R8	Compliant
	R9	N/A
	R10	N/A
	R11	N/A
	R12	N/A
	R13	Compliant
IRO-005-1	R14	Not Audited
	R15	N/A
	R16	N/A

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Reliability Standard	Req.	Finding
	R17	N/A
IRO-STD-006-0	WR1	OAV
PER-001-0	R1	Compliant
PER-002-0	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
PER-003-0	R1	Compliant
PRC-001-1	R1	Compliant
	R2	Compliant
	R3	Not Audited
	R4	Compliant
	R5	Compliant
	R6	N/A
PRC-004-1	R1	Compliant
	R2	Compliant
	R3	N/A
PRC-005-1	R1	Compliant
	R2	Compliant
PRC-008-0	R1	Compliant
	R2	Compliant
PRC-017-0	R1	N/A
	R2	Not Audited
PRC-STD-005-1	WR1	N/A
TOP-001-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant
	R6	Compliant
	R7	Compliant
	R8	Compliant
TOP-002-2	R1	Compliant
	R2	Not Audited
	R3	Compliant
	R4	Compliant
	R5	Not Audited
	R6	Not Audited
	R7	Not Audited
TOP-002-2	R8	Not Audited
	R9	N/A
	R10	Not Audited
	R11	Compliant

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Reliability Standard	Req.	Finding
	R12	Not Audited
	R13	Compliant
	R14	Compliant
	R15	Compliant
	R16	Compliant
	R17	Compliant
	R18	Compliant
	R19	Compliant
TOP-004-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant
	R6	Not Audited
TOP-006-1	R1	Not Audited
	R2	Compliant
	R3	Not Audited
	R4	Not Audited
	R5	Not Audited
	R6	Compliant
	R7	Compliant
TOP-007-0	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	N/A
TOP-STD-007-0	WR1	N/A
TOP-008-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Not Audited
TPL-001-0	R1	Compliant
	R2	Not Audited
	R3	Not Audited
TPL-002-0	R1	Compliant
	R2	Not Audited
	R3	Not Audited
TPL-003-0	R1	Compliant
	R2	Not Audited
	R3	Not Audited
VAR-001-1 VAR-001-1	R1	Compliant
	R2	Compliant
	R3	Not Audited

Reliability Standard	Req.	Finding
	R4	Not Audited
	R5	Compliant
	R6	Not Audited
	R7	Compliant
	R8	Compliant
	R9	Compliant
	R10	Compliant
	R11	Not Audited
	R12	Compliant
	VAR-STD-002a-1	WR1
VAR-STD-002b-1	WR1	Compliant

There were zero new possible violations identified during this audit.

Compliance Culture

CSU declined the audit team offer to perform a formal review of the current ICP or the version being drafted. The audit team informally recognized that CSU demonstrated a culture of compliance through personnel interviews and performance at the audit.