



Compliance Audit Report Public Version

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

**DTE Pontiac North, LLC
NCR08049**

**Date of Audit
May 4-15, 2009**

**Date of Report
June 12, 2009**

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Executive Summary

This compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

An off-site compliance audit of DTE Pontiac North, LLC (DTEPN), was conducted from May 4-15, 2009. ReliabilityFirst conducts compliance audits as part of the ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). At the time of the audit, DTEPN, NERC ID NCR08049, was registered for the Generator Operator (GOP) and Generator Owner (GO) functions that it performs in the ReliabilityFirst region.

ReliabilityFirst provided a 60 day notification to DTEPN which requested data and information to provide evidence of compliance with NERC Reliability Standards within the scope of the audit. DTEPN submitted material that the audit team reviewed and used to assess DTEPN's compliance with the NERC Reliability Standards. The audit team developed findings based on this review and assessment.

The audit team assessed DTEPN's compliance with 20 NERC Reliability Standards, which are applicable to DTEPN for the function it is registered to perform in the ReliabilityFirst region. The 20 NERC Reliability Standards included 48 requirements that are applicable to the GOP and GO functions. The audit team also assessed compliance with one ReliabilityFirst Regional Standard that is applicable to the GOP and GO functions. Of the 20 standards, 3 standards and 7 associated requirements were determined to be not applicable to DTEPN. The one ReliabilityFirst Regional Standard was also determined to be not applicable to DTEPN.

DTEPN was prepared for the audit and provided documentation in a complete and concise manner. The audit team did not identify any violations as a result of this review. DTEPN was found to be fully compliant with the 17 NERC Reliability Standards and the 41 requirements.

There were no ongoing mitigation plans and therefore none were reviewed by the audit team.

Audit Process

The compliance audit process steps are detailed in the ReliabilityFirst CMEP. The ReliabilityFirst 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 to:

- Review DTEPN's compliance with the requirements of the Reliability Standards that are applicable to DTEPN based on DTEPN's registered function(s)
- Validate compliance with applicable Reliability Standards from the NERC 2009 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 DTEPN's internal compliance culture
- Validate compliance with other NERC Reliability Standards outside the 2009 implementation plan as selected by *ReliabilityFirst*
- Validate compliance with applicable *ReliabilityFirst* reliability standards that are applicable to DTEPN

Scope

The scope of the audit included Reliability Standards which were selected by NERC for monitoring via audit in the 2009 CMEP Implementation Plan. *ReliabilityFirst* also monitored all applicable *ReliabilityFirst* standards, self certifications, and mitigation plans as appropriate for the period of June 18, 2007 through the date of the audit.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the *ReliabilityFirst* Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. The audited entity was informed of the *ReliabilityFirst* obligations and responsibilities under the agreement and procedures. The work history of each audit team member was provided to the audited entity. The audited entity 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. The audited entity did not submit any objections by the stated fifteen day objection due date and by this action has accepted the audit team member participants without objections. *ReliabilityFirst* found no conflict of interest for any of the audit team members.

Off-site Audit

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

DTEPN is subject to an audit once every six years as provided by the NERC Rules of Procedure. DTEPN was provided a 60 day notification of this scheduled audit and at that time all necessary documents required by the NERC and Reliability*First* audit process were provided. The following documents were provided as part of the notification:

- 60 day Notification letter which contained a request for evidence, information, and data submittals
- Compliance Audit Survey
- Audit Agenda as applicable
- Internal Compliance Survey
- Audit Team Work History with discussion of the objection process
- General Instructions of Data or Information Submittals
- Reliability Standard Auditor Worksheets (RSAWs)
- Reliability Standard Questionnaires

Documents were provided to DTEPN in both electronic and hardcopy format.

Reliability*First* discussed the use of technical experts with the DTEPN primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by DTEPN as it deemed necessary to explain their compliance to the Reliability Standards. As such, DTEPN had been notified to provide any technical experts or personnel that it deemed necessary in order to provide the Audit Team an understanding of the evidence provided to demonstrate compliance with Reliability Standards.

An audit agenda and/or schedule were provided to DTEPN in advance to allow the necessary time to prepare for the audit. DTEPN's cooperation and flexibility with the agenda was appreciated by the audit team.

The audit team reviewed DTEPN's compliance processes for all applicable standards with DTEPN technical experts and requested additional information to clarify information previously supplied to the team. These interviews in conjunction with evidence provided, supplied the audit team with a basis for using professional judgment when validating compliance to the Reliability Standards.

Methodology

The audit team reviewed the evidence provided by DTEPN for each of the requirements that are applicable to the function performed by the company to determine if the company complied with those Reliability Standards and associated requirements. The team reviewed each requirement, discussed the levels of compliance and addressed each team member's observations from the audit to determine its findings from the review.

Opening Briefing

An Opening Briefing was conducted to discuss the following:

- Introduction of audit team
- Audit Objective and Scope
- Confidentiality of Information
- Audit Team Expectations
- Discussion on Clarification Calls
- Audit Process
- Exit Briefing and schedule

Audit

The audit team reviewed each requirement and the evidence provided to determine if DTEPN was compliant with the requirement. The team discussed its findings to determine DTEPN's compliance to each of the standards. Upon request, DTEPN provided additional information or clarified existing information during the review of its material with their subject matter experts.

Exit Briefing

The audit team presented its preliminary findings to the DTEPN staff. The team lead explained the findings from the audit. The exit presentation also covered the reporting process going forward, and audit feedback forms that the region is using to improve the audit process. In addition, the audit team presented recommendations on quality of evidence that the team identified during the audit. DTEPN was provided an opportunity to ask questions which the audit team addressed.

Company Profile

DTEPN performs the following NERC functions in the Reliability*First* region and is registered with NERC/Reliability*First* for the following functions:

- Generator Operator (GOP)
- Generator Owner (GO)

DTE Pontiac North, LLC (DTEPN) is a 27 MW generator located in Pontiac, MI. The plant's main function is to produce steam for General Motors' Pontiac North Complex. It connects to the 120 kV ITC transmission system at their Montcalm Substation.

The RC is Midwest Independent Transmission System Operator (MISO)

The BA is Michigan Electric Coordinated Systems (MECS)

The TOP is International Transmission Company (ITC)

Audit Specifics

The compliance audit was conducted from May 4 - 15, 2009 at the ReliabilityFirst office in Akron, OH.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Engineer, Compliance	ReliabilityFirst Corporation
Member	Consultant	Scott Porteous & Associates

MCP Audit Participants

Title	Organization.
Director of Operations	DTEES
Plant Manager	DTEPN

Audit Results

The audit team assessed DTEPN's compliance with 20 NERC Reliability Standards, including 48 requirements that are applicable to the GOP and GO functions. The audit team also assessed compliance with one ReliabilityFirst Regional Standard that is applicable to the GOP and GO functions.

Of the 20 standards, 3 standards and 7 associated requirements were determined to be not applicable to DTEPN. The one ReliabilityFirst Regional Standard was also determined to be not applicable to DTEPN.

After reviewing all of the evidence presented, DTEPN was found to be compliant with 17 NERC Reliability Standards and 41 requirements that apply to DTEPN for the functions that it is registered to perform in the ReliabilityFirst Region.

Findings

The following table details the auditor findings relating to evidence reviewed for compliance with the Reliability Standards within the scope of the compliance audit. The table includes details, section and page numbers noted by the auditor relating to the evidence reviewed for compliance to the Reliability Standard and associated requirements.

DTEPN Off-site Audit Findings Table

Reliability Standard	Requirement	Finding
BAL-005-0b	R1	Compliant
CIP-001-1	R1	Compliant
CIP-001-1	R2	Compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Compliant
COM-002-2	R1	Compliant
EOP-004-0	R2	Compliant
EOP-004-0	R3	Compliant
EOP-009-0	R1	N/A
EOP-009-0	R2	N/A
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
IRO-005-2	R13	Compliant
PRC-001-1	R1	Compliant
PRC-001-1	R2	Compliant
PRC-001-1	R3	Compliant
PRC-001-1	R5	Compliant
PRC-004-1	R2	Compliant
PRC-004-1	R3	Compliant
PRC-005-1	R1	Compliant
PRC-005-1	R2	Compliant
PRC-016-0	R1	N/A
PRC-016-0	R2	N/A
PRC-016-0	R3	N/A
PRC-017-0	R1	N/A
PRC-017-0	R2	N/A
TOP-001-1	R3	Compliant
TOP-001-1	R6	Compliant
TOP-001-1	R7	Compliant
TOP-002-2	R3	Compliant
TOP-002-2	R13	Compliant
TOP-002-2	R14	Compliant

Reliability Standard	Requirement	Finding
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
TOP-006-0	R1	Compliant
VAR-002-1b	R1	Compliant
VAR-002-1b	R2	Compliant
VAR-002-1b	R3	Compliant
VAR-002-1b	R4	Compliant
VAR-002-1b	R5	Compliant
EOP-007-RFC-01	R4	N/A

Compliance Culture

DTEPN is a small GO/GOP and the internal compliance program is operated and managed by the Plant Manager, whom is also responsible for the performance to the Reliability Standards. The Director of Operations at DTE Energy Services (DTEES) provides overall compliance management to Reliability Standards for several entities throughout the country

A DTE Pontiac North, LLC NERC Reliability Standards Compliance Manual was developed for the site that contains each compliance standard applicable to the site as a Generator Owner and Generator Operator. Each requirement within the compliance standard that applies has a written explanation on how the site is to comply, with associated reference materials and/or Standard Operating Procedures (SOP) to assure compliance. The Compliance Manual and associated materials have been reviewed with the plant staff to make sure there is a clear understanding of the Compliance Standards and how personnel are to comply with each standard. The DTE Pontiac North, LLC, NERC Reliability Standards Compliance Manual will be reviewed annually or as Compliance Standards are updated to assure that the manual documentation is relevant. This review will be documented by the Plant Manager and the Director of Operations.

The Plant Manager, DTEPN, has day to day responsibility of the compliance program. The Director of Operations, DTEES, Inc. has overall responsibility of the compliance program.

The Director of Operations (Compliance Manager) has direct access to the President of DTEES (Compliance Officer). DTEPN has sufficient resources for its internal compliance program, including resource help from the Ann Arbor, MI headquarters.