

# **Compliance Audit Report Public Version**

**City of Garland  
NERC ID # NCR04033**

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

Audit Date: April 6-8, 2010  
Audit Location: City of Garland Office, Garland, TX  
Report Date: June 9, 2010  
Prepared By: David Bueche, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of City of Garland (Garland) was conducted on April 6-8, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on Garland's registration as a Distribution Provider, Transmission Owner, and Transmission Planner.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). The audit team reviewed the evidence and documentation provided by Garland and conducted interviews with Garland's personnel to assess compliance with standards applicable to Garland at this time.

There was a total of seventeen (17) reliability standards included in the scope of this audit consisting of fifty nine (59) requirements. Based on the information and documentation provided by Garland, the audit team found Garland to be compliant with twenty seven (27) applicable requirements. The audit team determined that thirty two (32) requirements were not applicable to Garland.

Garland met all of the NERC Standard requirements that were within the scope of this audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit and therefore none were reviewed by the audit team.

## 2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at [www.nerc.com](http://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.<sup>1</sup> The audit objectives are:

- Independently review Garland's compliance with the requirements of the reliability standards that are applicable to Garland based on the Garland registered functions included in the scope of this audit.
- Validate compliance with applicable reliability standards from the NERC 2010 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 standards, and review the status of associated mitigation plans.
- Document Garland's compliance culture.

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

## 2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2010 and any others that may be identified by the audit team at the time of the audit applicable to a Distribution Provider, Transmission Owner, and Transmission Planner. The audit was performed by four members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for City of Garland and therefore none were reviewed by the audit team.

Note: For the 2010 compliance program, the monitoring period for the compliance audit will generally be the last three years based the Garland's registration as a Distribution Provider, Transmission Owner, and Transmission Planner, or periods specified in individual reliability standards.

At the time of the audit, Garland was registered as a Distribution Provider, Transmission Owner, and Transmission Planner. The audit team evaluated Garland for compliance during the specific period from Garland's last audit on July 6, 2007 to April 6, 2010.

### 2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Garland prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to Garland. Garland 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. Garland had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants with no objections. There have been no denials of or access limitations placed upon this audit team by Garland.

## 2.3 Methodology

Once an audit date was set by Texas RE, Garland was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by Garland and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by Garland until the last day of the review at the audit site.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with Garland's management and supervisors. The audit team reviewed documentation provided by Garland that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electrical System (BES).

Texas RE audit team interviewed operations personnel and reviewed documents to substantiate that the 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 clarify or stack the evidence provided by Garland and verify documentation.

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the audit team.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for City of Garland and therefore none were reviewed by the audit team.

The audit team conducted an exit briefing immediately following the audit with Garland. The audit team verbally shared its preliminary results with Garland's management.

## **2.4 Company Profile**

The City of Garland /Garland Power and Light is a municipally-owned utility located in a suburb northeast of Dallas. Garland Power and Light serves about 75% of the City's 230,000 residents through about 68,000 retail meters with approximately 500 MW demand. Oncor serves the remaining citizens.

Garland Power and Light has functioned as a utility since 1923 and serves transmission, generation and distribution. Garland is currently registered as for the TO, DP, LSE, TP, GOP, PSE, and GO functions under three NCR numbers. Garland is in the process of becoming registered as a TOP.

Garland maintains separate transmission and QSE control centers. The transmission control center manages the Garland and TMPA transmission networks. Both control centers are currently located in separate wings of the McIntire Electric Operations Center. The GOP function is scheduled to relocate to new facilities later this spring.

Garland owns 18 – 138 kV and 7 – 69 kV utility owned substations. There is one 138 kV breaker serving distribution facilities located in one additional substation owned by TMPA.

Garland has 23 miles of 69 kV transmission lines and 94 miles of 138 kV transmission lines and 7 miles that are currently undergoing conversion from 69 to 138 kV.

Garland owns two natural gas fueled generating plants (Olinger and Spencer) and one distribution connected hydro-electric plant. Garland also has a share of the capacity and energy from the 462 MW Gibbons Creek coal fired power plant owned and operated by TMPA. TMPA is owned by four cities; Garland, Greenville, Denton and Bryan. Garland is the master QSE for the Gibbons Creek Power Plant.

Total assets are about \$403,000,000 and annual operating revenues are about \$275,000,000.

## 2.5 Audit Specifics

Audit Date: April 6-8, 2010  
Audit Location: Garland Office, Garland, TX

### Texas RE Audit Team:

Company/Title
Texas RE/Audit Team Leader
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor

### Garland's Audit Participants:

Company/Title
Garland/Primary Compliance Contact
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Garland
Consultant for City of Garland

## 3.0 AUDIT RESULTS

### 3.1 Audit Findings

The Compliance Audit Team found that Garland was compliant with all 2010 actively monitored NERC Standards reviewed at the time of the audit.

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

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-002-0	R1.	NA
FAC-002-0	R2.	NA
FAC-003-1	R1.	NA
FAC-003-1	R2.	NA
FAC-003-1	R3.	NA
FAC-003-1	R4.	NA
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
FAC-014-2	R1.	NA
FAC-014-2	R2.	NA
FAC-014-2	R3.	NA
FAC-014-2	R4.	Compliant
FAC-014-2	R5.	Complaint
FAC-014-2	R6.	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
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	NA
PRC-004-1	R3.	Complaint
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	NA
PRC-010-0	R2.	NA
PRC-011-0	R1.	NA
PRC-011-0	R2.	NA
PRC-017-0	R1.	NA
PRC-017-0	R2.	NA
TOP-001-1	R1.	NA

Reliability Standard	Requirement	Finding
TOP-001-1	R2.	NA
TOP-001-1	R3.	NA
TOP-001-1	R4.	Compliant
TOP-001-1	R5.	NA
TOP-001-1	R6.	NA
TOP-001-1	R7.	NA
TOP-001-1	R8.	NA
TPL-001-0.1	R1.	Compliant
TPL-001-0.1	R2.	Compliant
TPL-001-0.1	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant

### 3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

### 3.3 Conclusion

Garland was found compliant with the all the standards that were included in the scope of this audit. There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

### 3.4. Compliance Culture

Garland's compliance culture survey was reviewed by the audit team. Garland was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of Garland, the extensive participation during the audit by Garland's personnel, the responses provided to the compliance culture survey, the detailed documentation of procedures and records, the demonstrated level of compliance and the direct observations made by the audit team confirmed a strong commitment by Garland to promote a healthy compliance culture within organization. COG's efforts for this audit were extremely helpful and were well supported by the other Garland managers and SME's who prepared and participated during the audit process.