

# **Compliance Audit Report Public Version**

**DPS Gregory, LLC**

**NERC ID # NCR04052**

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Critical Energy Infrastructure Information)  
Has Been Removed**

Audit Date: May 25-27, 2010  
Audit Location: Texas Reliability Entity Office, Austin, TX  
Report Date: July 23, 2010  
Prepared By: Scott Jackson, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The Table Top (Off-Site) compliance audit of DPS Gregory, LLC (DPS) was conducted on May 25-27, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on DPS's registration as a Generator Operator.

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 three representatives from Texas Reliability Entity (Texas RE). The audit team reviewed the evidence and documentation provided by DPS and conducted interviews with DPS's personnel to assess compliance with standards applicable to DPS at this time.

There were a total of ten (10) reliability standards included in the scope of this audit consisting of eighty-one (81) requirements. Based on the information and documentation provided by DPS, the audit team found DPS to be compliant with twenty-seven (27) applicable requirements. The audit team determined that fifty-four (54) requirements were not applicable to DPS.

DPS 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 DPS's compliance with the requirements of the reliability standards that are applicable to DPS based on the DPS 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 DPS'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 Generator Operator. The audit was performed by three 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 DPS, 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 six years based the DPS's registration as a Generator Operator, or periods specified in individual reliability standards.

At the time of the audit, DPS was registered as a Generator Operator (GOP). The audit team evaluated DPS for compliance during the specific period of June 28, 2007 to May 27, 2010.

### 2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to DPS prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to DPS. DPS 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. DPS 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 DPS.

## 2.3 Methodology

Once an audit date was set by Texas RE, DPS 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 DPS 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 DPS 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 DPS's management and supervisors. The audit team reviewed documentation provided by DPS 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).

The Texas RE audit team interviewed operations, IT, communications, and planning personnel as necessary to clarify or stack the evidence provided by DPS 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 DPS, and therefore none were reviewed by the audit team.

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

## 2.4 Company Profile

DPS is a limited liability corporation established to operate and maintain the generation resource owned by Gregory Power Partners, L.P. DPS is a wholly owned subsidiary of Delta Power Services, LLC. Delta Power Services, LLC has offices located at 363 N. Sam Houston Parkway East, Suite 630, Houston, Texas 77060.

DPS is the only generation operator owned by Delta Power Services, LLC within the footprint of the ERCOT interconnect.

## 2.5 Audit Specifics

Audit Date: May 25-27, 2010  
Audit Location: Texas Reliability Entity Office, Austin, TX

### Texas RE Audit Team:

Company/Title	Audit Team Role
Texas RE/Compliance Engineer III	Audit Team Leader
Texas RE/Sr. Compliance Engineer	Auditor
Texas RE/Compliance Engineer III	Auditor

### DPS’s Audit Participants:

Company	Title
Gregory Power Partners	Associate General Manager
DPS Gregory	Plant Manager
DPS Gregory	EH&S Compliance Manager
DPS Gregory	Maintenance Manager
DPS Gregory	Operations Manager
Gregory Power Partners	General Manager
DPS Gregory	President

### 3.0 AUDIT RESULTS

#### 3.1 Audit Findings

The Compliance Audit Team found that DPS 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>
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
COM-002-2	R2.	N/A
IRO-001-1.1	R1.	N/A
IRO-001-1.1	R2.	N/A
IRO-001-1.1	R3.	N/A
IRO-001-1.1	R4.	N/A
IRO-001-1.1	R5.	N/A
IRO-001-1.1	R6.	N/A
IRO-001-1.1	R7.	N/A
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	R9.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
IRO-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R6.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	N/A
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	R17.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	N/A
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	N/A
TOP-001-1	R5.	N/A
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
VAR-002-1.1a	R1.	Compliant
VAR-002-1.1a	R2.	Complaint
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	N/A
VAR-002-1.1a	R5.	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

DPS 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

DPS's compliance culture survey was reviewed by the audit team.

DPS was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of DPS, the extensive participation during the audit by DPS'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 DPS to promote a healthy compliance culture within the organization. DPS management's efforts for this audit were extremely helpful and were well supported by SMEs who prepared and participated during the audit process.

Additional detailed information pertaining to the compliance culture of Gregory can be found in the Internal Compliance Survey.