

Compliance Audit Report Public Version

GEUS

NERC ID # NCR04076

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Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date: April 13-15, 2010
Audit Location: Texas Regional Entity Office, Austin, TX
Report Date: June 15, 2010
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1.0 EXECUTIVE SUMMARY

The Table Top (Off-Site) compliance audit of GEUS was conducted on April 13-15, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on GEUS's registration as a Distribution Provider.

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

There were a total of eight (8) reliability standards included in the scope of this audit consisting of twenty three (23) requirements. Based on the information and documentation provided by GEUS, the audit team found GEUS to be compliant with five (5) applicable requirements. The audit team determined that eighteen (18) requirements were not applicable to GEUS.

GEUS 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. 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.¹ The audit objectives are:

- Independently review GEUS's compliance with the requirements of the reliability standards that are applicable to GEUS based on the GEUS 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 GEUS's compliance culture.

¹ 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. The audit was performed by 2 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 GEUS 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 GEUS's registration as a Distribution Provider, or periods specified in individual reliability standards.

At the time of the audit, GEUS was registered as a Distribution Provider. The audit team evaluated GEUS for compliance during the specific period of June 18, 2007 to April 15, 2010.

2.2.1 Confidentiality and Conflict of Interest

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

2.3 Methodology

Once an audit date was set by Texas RE, GEUS 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 GEUS 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 GEUS 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 GEUS's management and supervisors. The audit team reviewed documentation provided by GEUS 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 GEUS 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 GEUS and therefore none were reviewed by the audit team.

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

2.4 Company Profile

GEUS is a municipal electric utility serving the City of Greenville, TX. GEUS is a Registered Distribution Service Provider, a Generation Owner, and a Transmission Operator (for a 69KV system) in ERCOT. GEUS has one Steam Generation Facility with 3 generating units and owns a 10% share of the Gibbons Creek Coal plant operated by the Texas Municipal Power Agency (TMPA).

2.5 Audit Specifics

Audit Date: April 13-15, 2010
Audit Location: Texas Regional Entity Office, Austin, TX

Texas RE Audit Team:

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

GEUS’s Audit Participants:

Company	Title
GEUS	General Manager
GEUS	Power Supply Manager
GEUS	Engineering Manager
GEUS	Chief System Operator
GEUS	Engineer
GEUS	Substation Manager
GEUS	Power Plant Manager
GEUS	Dispatch Operator

3.0 AUDIT RESULTS

3.1 Audit Findings

The Compliance Audit Team found that GEUS 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:

Reliability Standard	Requirement	Finding
FAC-002-0	R1.	Compliant
FAC-002-0	R2.	Compliant
PRC-004-1	R1.	N/A
PRC-004-1	R2.	N/A
PRC-004-1	R3.	N/A
PRC-005-1	R1.	N/A
PRC-005-1	R2.	N/A
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	N/A
TOP-001-1	R4.	Compliant
TOP-001-1	R5.	N/A
TOP-001-1	R6.	N/A
TOP-001-1	R7.	N/A
TOP-001-1	R8.	N/A

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

GEUS 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

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

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

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