

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



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Compliance Audit Report Public Version

Endure Energy, LLC

NERC ID# NCR00505

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Critical Energy Infrastructure Information)
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Date of Audit: April 9 – May 3, 2010

Endure Energy LLC Compliance Audit Report
May 3, 2010

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Executive Summary

A multi-regional compliance audit of Endure Energy, LLC, NERC ID #NCR00505 was conducted off-site from April 9 to May 3, 2010. At the time of the audit, Endure Energy was registered for the PSE function.

The audit team evaluated Endure Energy for compliance with three standards and their three requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period from their earliest effective registration date of November 20, 2008 to April 9, 2010. Endure Energy submitted information and documentation for the audit team's evaluation of compliance with the requirements. The audit team reviewed and evaluated all information provided by Endure Energy to assess compliance with standards applicable to Endure Energy at this time.

Based on the information and documentation provided by Endure Energy, the audit team found Endure Energy to be compliant with three standards and their three applicable requirements and sub-requirements. The audit team identified zero Possible Alleged Violation(s).

Any Possible Alleged Violations will be processed through the NERC and NPCC CMEP.

There were no self-reported violations or mitigation plans registered in NPCC, SERC, MRO and RFC. SPP had not reported back to the auditor at the time and date of this report.

Audit Process

The compliance audit process steps are detailed in the NPCC CMEP. The NPCC 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 an audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.* The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to Endure Energy, based on the functions that Endure Energy is registered to perform;

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

- Validate compliance with applicable reliability standards from the NERC 2010 Implementation Plan list of actively monitored standards and additional NERC Reliability Standards selected by NPCC;
- Validate compliance with applicable regional standards from the NPCC 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document Endure Energy's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of this multi-regional off-site compliance audit included the NERC Reliability Standards from the NPCC 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding mitigation plans or remedial action directives which have been completed or pending in the year of the compliance audit.

At the time of the audit, Endure Energy was registered for the PSE function. The audit team evaluated Endure Energy for compliance during the period from November 20, 2008 to April 9, 2010.

Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the audit team are governed under the NPCC Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. Endure Energy was informed of NPCC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to Endure Energy. Endure Energy was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. Endure Energy had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by Endure Energy.

Methodology

The audit team reviewed the information, data, and evidence submitted by Endure Energy and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to NPCC before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. After that date, only data or information which was relevant to the content of the report or its finding can be submitted upon agreement by the audit team lead.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

The audit team reviewed documentation provided by Endure Energy. Data, information and evidence submitted in the form of policies, procedures, e-mails, 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 Electric System (BES).

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.

Company Profile

Based out of Overland Park, Kansas, Endure Energy is a commodity marketing company focused on wholesale electricity and natural gas. Using focused goals and well-grounded values, Endure Energy has a strong commitment to excellence. The staff of Endure is made up of well-rounded veteran traders who each have reputable trading expertise and is further complimented by a five-member executive team, who combined have over 74 years of industry experience.

Through hedging products, Endure Energy is able to provide customers with price certainty as market conditions evolve and change. To serve the requirements of clients, Endure customizes structures that compliment client load obligations with the business needs of their merchants. Endure Energy inevitably provides outstanding and dependable long-term services to a diverse client base including governmental agencies, municipalities, cooperatives, independent power producers and investor-owned utilities nationwide.

While the footprint of Endure Energy continues to expand, current marketing efforts are focused on the following Electricity Markets:

- Electricity Reliability Council of Texas (ERCOT)
- Independent Electricity System Operator (IESO)
- Mid-Continent Area Power Pool (MAPP)
- Midwest Independent Transmission System Operator (MISO)
- Northeast Power Coordinating Council (NPCC)
- New York Independent System Operator (NYISO)
- New York Power Pool (NEPOOL)
- PJM Interconnection (PJM)
- Southwest Power Pool (SPP)
- South Eastern Reliability Corporation (SERC)
- Western Electricity Coordinating Council (WECC).

Audit Participants

The following is a listing of all personnel from the Audit Team and Endure Energy who were present during the meetings or interviews.

Audit Team Participants

Title	Entity
Lead Compliance Auditor	NPCC
Manager - Compliance Audits	NPCC

ENDURE ENERGY Audit Participants

Title	Entity
EVP – Middle and Back office: Primary Compliance Contact	Endure Energy LLC
EVP- Power Trading	Endure Energy LLC

Audit Results

The audit team evaluated Endure Energy for compliance with three standards and their three requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period from November 20, 2008 to April 9, 2010. Endure Energy submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by Endure Energy to assess compliance with standards applicable to Endure Energy at this time.

Based on the information and documentation provided by Endure Energy, the audit team found Endure Energy to be compliant with the three standards and their three applicable requirements and sub-requirements. The audit team identified zero Possible Alleged Violation(s).

Findings

The following table details the findings for compliance for the scope identified for this audit.

Reliability Std	Req.	Finding
IRO-001-1	R8.	Compliant
IRO-005-1	R13.	Compliant
VAR-001-1	R5.	Compliant

Compliance Culture

Endure Energy's compliance culture was reviewed by the audit team. Endure Energy has created an excellent set of procedures to specifically address the reliability standards as they pertain to its registered function. In addition, all contact with Endure Energy was very timely and professional in manner and their commitment to compliance was evident to the audit team. They have a formal compliance training program for all traders and operations staff.

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