



**Compliance Audit Report
Public Version**

**Front Range Power Company, LLC (FRP)
NCR05166**

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

Date of Audit: April 21, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Front Range Power Company, LLC (FRP) NERC ID NCR05166 on April 21, 2010. At the time of the audit, FRP was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Generator Owner (GO)

The Audit Team evaluated FRP for compliance with thirty-two (32) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). There were zero (0) requirements in the WECC Regional Reliability Standards audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 through April 21, 2010. FRP submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by FRP to assess compliance with standards applicable to FRP at this time.

Based on the information and documentation provided by FRP, the Audit Team found FRP to be compliant with twelve (12) applicable requirements. The Audit Team determined that twenty (20) Requirements were not applicable to FRP. FRP had zero (0) Outstanding Violations. The Audit Team identified zero (0) New Possible Violation(s).

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information regarding the Audit Team's findings of applicability and compliance for the NERC Reliability Standards reviewed during the compliance audit. Any New Possible Violations will be processed through the NERC and WECC CMEP.

There were one ongoing or recently completed mitigation plans that were reviewed by the Audit Team.

Audit Process

The compliance audit process steps are detailed in the WECC CMEP. The audit process generally conforms to the United States Government Accountability Office Government Auditing Standards (GAGAS) and to other generally accepted audit practices.

Objectives

A Registered Entity is subject to audit for compliance with all Reliability Standards applicable to its registered functions.

The audit objectives are to:

- Review compliance with the requirements of Reliability Standards that are applicable to FRP, based on the functions that FRP is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 CMEP Implementation Plan list of actively-monitored Reliability Standards and any applicable NERC Reliability Standards selected by WECC;
- Validate compliance with applicable Regional Standards from the WECC 2010 CMEP Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the WECC CMEP 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, FRP was registered for the functions Generator Owner (GO). The Audit Team evaluated FRP for compliance during the period of June 18, 2007 to April 21, 2010.

WECC notified FRP of the audit on February 5, 2010. WECC informed FRP that the Audit Team would perform the audit in accordance with the CMEP and the 2010 NERC Compliance Questionnaire and Reliability Standard Audit Worksheets (RSAW). In preparation for the audit, the Audit Team reviewed the RSAWs and other documents submitted by FRP to evaluate compliance with each applicable Reliability Standard.

Confidentiality and Conflicts of Interest

Confidentiality and Conflict of Interest of the Audit Team are governed under the WECC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. FRP was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On February 5, 2010, WECC provided the work history for each Audit Team member to FRP. FRP had the opportunity to object to an Audit Team member's participation in the audit on the basis of a possible conflict of interest or because of other circumstances that could interfere with an Audit Team member's impartiality. Section 3.1.5 of the WECC CMEP requires the FRP to submit any objections no later than fifteen days prior to the start of the off-site audit. FRP did not submit any objections regarding any Audit Team members. There have been no denials of information or access limitations placed upon this Audit Team by FRP.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by FRP and assessed compliance with requirements of the applicable Reliability Standards. Submittals of information and requests for data were sent to FRP at least thirty days before the scheduled date of the audit. Additional information relevant to the audit could be submitted until the last day of the review at the audit site. After that date, only data or information which was relevant to the content of the report or its findings 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 FRP. Data, information and evidence submitted in the form of policies, procedures, emails, logs, data sheets, etc., was validated, substantiated and cross checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set is determined by a statistical methodology augmented with professional judgment to ensure that the sample set is representative of the Requirement's significance to the reliability of the Bulk Electrical System (BES).

Findings were based on the Audit Team's knowledge of the BES, the NERC Reliability Standards and team members' professional judgment. All findings were developed based on the consensus of the Audit Team.

Company Profile

FRP has 480 MW, base load, combined cycle, cogeneration plant consisting of two - GE 7241FA Combustion Turbines, two - Vogt-NEM HRSGs, and one - Alstom Steam Turbine.

FRP is owned by Colorado Springs Utilities (CSU) and Mesquite Colorado Holdco, LLC. CSU is municipal utility owned by the City of Colorado Springs. The city council acts as the utility board and is the governing body. FRP began commercial operations in April 2003. It has tolling agreements with Public Service of Colorado and Colorado Springs Utilities that ends on March 2010 and March 2023, respectively.

Audit Participants

The following is a list of WECC Audit Team members and FRP personnel who participated in the audit.

Audit Team Members

Audit Team Role	Title	Company
Audit Team Lead	Compliance Engineer	WECC
Member	Senior Compliance engineer	WECC
Member	Compliance Consultant	WECC

FRP Audit Participants

Title	Company
Project Manager	FRP
Operation Superintendent	FRP
Mgr. T&D	FRP
Substation Transmission Engineer	FRP
Operation Supervisor II	FRP

Audit Results

The Audit Team evaluated FRP for compliance with thirty-two (32) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). There were zero (0) requirements in the WECC Regional Reliability Standards audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 through April 21, 2010. FRP submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by FRP to assess compliance with standards applicable to FRP at this time.

Based on the information and documentation provided by FRP, the Audit Team found FRP to be compliant with twelve (12) applicable requirements. The Audit Team determined that twenty (20) Requirements were not applicable to FRP. FRP had zero (0) Outstanding Violations. The Audit Team identified zero (0) New Possible Violation(s).

Findings

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

The Finding column may contain any one of the following: Compliant, New Possible Violation, Not Applicable, Outstanding Violation, Retraction Requested, Self-Reported Violation, or other appropriate description.

Standard	Req.	Finding
FAC-002-0	R1.	Compliant
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-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
NUC-001-1	R1.	N/A
NUC-001-1	R2.	N/A
NUC-001-1	R3.	N/A
NUC-001-1	R4.	N/A
NUC-001-1	R5.	N/A
NUC-001-1	R6.	N/A
NUC-001-1	R7.	N/A
NUC-001-1	R8.	N/A
NUC-001-1	R9.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	N/A
VAR-002-1.1a	R1.	N/A
VAR-002-1.1a	R2.	N/A
VAR-002-1.1a	R3.	N/A
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant

Compliance Culture

FRP's compliance culture was not reviewed by the Audit Team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for FRP's personnel summarizing the Audit Team's preliminary findings. The Audit Team leader also explained the next steps in the audit process and how WECC handles possible violations under the CMEP.

In Accordance with WECC CMEP Section 3.1.6:

WECC provided the draft of this audit report and an Entity Comment Form to FRP on May 18, 2010 for review and comment. On May 18, 2010, FRP provided comments. The Entity Comment Form on file in the WECC Compliance Department provides and record of these comments and WECC's consideration of them for inclusion in this final report.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Audits and Investigations on June 9, 2010.