



**Compliance Audit Report
Confidential Public Version**

**Saguaro Power Company, A Limited Partnership (SPC)
Nerc ID: NCR05369**

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

Date of Audit: March 10, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Saguaro Power Company, A Limited Partnership (SPC) NERC ID NCR05369 on March 10, 2010. At the time of the audit, SPC was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

- Generator Owner
- Generator Operator

The Audit Team evaluated SPC for compliance with 38 requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally 2 requirements in the WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 through March 10, 2010. SPC submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by SPC to assess compliance with standards applicable to SPC at this time.

Based on the information and documentation provided by SPC, the Audit Team found SPC to be compliant with 37 applicable requirements. The Audit Team determined that one Requirement was not applicable to SPC. SPC had zero Outstanding Violations. The Audit Team also found SPC compliant with one Requirement in the WECC Regional Reliability Standards audited and one not applicable.

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 no ongoing or recently completed mitigation plans and therefore none were reviewed by the Audit Team.

Audit Process

The compliance audit process steps are detailed 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 SPC, based on the functions that SPC is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 CMEP IP 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, SPC was registered for the functions GO, GOP. The Audit Team evaluated SPC for compliance during the period of June 18, 2007 to March 10, 2010.

WECC notified SPC of the audit on January 04, 2010. WECC informed SPC that the Audit Team would perform the audit in accordance with the CMEP and the 2010 NERC Compliance Questionnaire and Reliability Standard Audit Worksheets (RSAWs). In preparation for the audit, the Audit Team reviewed the RSAWs and other documents submitted by SPC 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. SPC was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On January 04, 2010, WECC provided the work history for each Audit Team member to SPC. SPC 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 SPC to submit any objections no later than fifteen days prior to the start of the off-site audit. SPC 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 SPC.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by SPC and

assessed compliance with requirements of the applicable reliability standards. Submittals of information and requests for data were sent to SPC 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 SPC. 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

SPC is a generating facility registered as a Generator Owner and Generator Operator owned by NRG Energy, Inc. The electrical generators are as follows:

Electrical Generators	Rated Output (Kva)	Rated Voltage (v)
Unit 1	45,176	13.8kV
Unit 2	45,176	13.8 kV
Unit 3	37,000	13.8kV

Audit Participants

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

Audit Team Members

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

SPC Audit Participants

Title	Company
Asset Desk Coordinator	NRG Energy
Director, Regulatory Compliance	NRG Energy
Regulatory Compliance	NRG Energy
General Manager	SPC
Operation and Maintenance Manager	SPC
Administrative Assistant	SPC

Audit Results

The Audit Team evaluated SPC for compliance with 38 requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally 2 requirements in the WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 through March 10, 2010. SPC submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by SPC to assess compliance with standards applicable to SPC at this time.

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Findings

The following table details the findings for compliance 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.

Reliability Standard	Req.	Finding
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
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-001-1.1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-2	R13.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
PRC-004-1	R2.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	Not Applicable
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
VAR-002-1.1a	R1.	Compliant
VAR-002-1.1a	R2.	Compliant
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant
VAR-STD-002a-1	WR1.	Compliant
VAR-STD-002b-1	WR1.	Not Applicable

Compliance Culture

SPC'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 SPC'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 SPC on March 24, 2010 for review and comment. The Entity Comment Form on file in the WECC Compliance Department provides a 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 WECC's Director of Compliance Audits and Investigations on April 13, 2010.