**Xcel Energy – Audit Services**

**Project Name and Number**

**Observation Summary**

**OBSERVATION TITLE:** Verification of Cathodic Protection as Performed by Contractors

**DISPOSITION OF OBSERVATION:**

Included in report (Observation #xx)  Not included in report

Memo  Verbal

**WP REF:** D300, D400, Denver East May Trevor Thompson QAQC Completed by JZ, SWMA Central May Cosmo Peters QAQC Completed by JZ

**OBSERVATION DESCRIPTION:**

*Condition:* *A statement of* ***facts*** *about an issue discovered during the audit (****this document will be shared with the clients****). Use bullet points when applicable.*

Through review of readings done on Gas Test Leads and Gas Meters by contractors, Audit Services found:

* During the end of May and the start of June Xcel Energy contractors did not accurately capture the power supply reading off gas test leads and gas meters with 6 locations being retested by Xcel Energy technicians, finding a +/- .073-volt average difference compared to the recorded readings done by contractors.

*Criteria*: *Standards, measures, or expectations used in making an evaluation and/or verification (i.e., what should exist for the subject matter described in the Condition statement).*

Audit Services would expect all contractors to record work accurately and perform the proper tests necessary to yield a result that indicates the current state of Gas Test Leads and Gas Test Meters.

*Business Impact*: *A description of the actual or potential exposure(s)/risk(s) to the organization posed by the Condition.*

Possessing gas mains that are corroded or not up to standard with the current regulations regarding Cathodic Protection places customers at risk of service disruption and creates a liability for Xcel Energy to finance efforts to replace corroded gas mains.

*Cause:* *A concise statement regarding the known/likely circumstances which created the Condition (if known).*

Contractors working on taking readings from gas test leads or gas meters either do not have the information/technology available to accurately locate the test site of interest or they are greater incentivized to complete more readings over providing quality and accurate readings.

*Recommendation:* *Audit Services’ suggestions about actions which could be taken to correct the Condition or to improve operations, including the organization responsible.* ***Management does not have to accept our recommendation; they are allowed to implement different action(s) as long as the action(s) mitigate(s) the risk(s).***



OBSERVATION OWNER: be sure to communicate the observation and your response up the chain to the VP as stated in the Audit Engagement Letter.

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| **Management Response** | **Responsible Party,Title, Business Area** | **Target Date** |
| If the observation will not be in the report, delete this table because no management response is required. |  |  |
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**CLIENT DISCUSSIONS:**

**Be sure to discuss risk ranking: High, Medium, Low and document reasoning.**

**Name (Title) – Discussion Date:**

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