



Compliance Audit Report Public

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

**Imperial Irrigation District Energy
(IID)
NCR05195**

Audit Dates: March 24-28, 2008

Final - May 11, 2010

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Executive Summary

Note - This IID compliance audit report provides a record of IID's compliance status as documented by the WECC Compliance Department during the on-site audit of March 24-28, 2008 and the subsequent audit of EOP-005-1. This report does not reflect any actions IID may have taken since the on-site audit.

The WECC Compliance Department conducted an on-site compliance audit of the Energy Division of the Imperial Irrigation District (IID) on March 24-28, 2008. The audit was conducted at the IID offices in Imperial, California. The nine (9) member audit team was made up of seven (7) WECC compliance staff and two (2) WECC consultants (independent contractors). NERC staff did not participate and FERC did not observe this audit.

The audit team determined that IID has a reliable operation and demonstrated a strong commitment to reliability.

The IID Internal Compliance Program (ICP) was not reviewed during this on-site audit.

Because of time constraints, the auditing of some standards was incomplete. Most mitigation plans were reviewed, but standard FAC-010-0, which involved a completed mitigation plan, was not. In addition, the following standards that involve in-progress mitigation plans were not included in the audit:

- FAC-014-1
- PRC-015-0
- TOP-008-1.

Standard EOP-005-1, Restoration Plans, was still open at the close of the on-site audit and was subsequently audited in April by the WECC Compliance Department.

The audit team found new possible violations with twenty-four (24) requirements in thirteen (13) of the sixty-two (62) reliability standards reviewed during the audit (fifty-six (56) NERC and six (6) WECC standards). These new possible violations, along with the on-site compliance audit report, will be sent to the WECC Compliance Department for processing through the WECC Compliance Monitoring and Enforcement Program (CMEP). If the WECC Compliance Department confirms the findings of the audit team, possible violations become alleged violations, and IID and NERC will be notified via an Alleged Violation Letter.

The audit team looked at compliance during the on-site audit for the 2007-2008 historical period of time and the audit reflects corrective actions IID may have taken to mitigate historical violations through submitted mitigation plans.

As background, FERC Order 693 was issued on March 16, 2007, and made compliance to eighty-three (83) of the NERC Reliability Standards mandatory and enforceable in the United States on June 18, 2007. Each of these reliability standards is subject to the sanctions guidelines effective on that date. The IID on-site compliance audit was completed after June 18, 2007.

<http://www.nerc.com/filez/enforcement/index.html>

Audit Process

The compliance audit process steps are detailed in both the WECC and NERC Compliance Monitoring and Enforcement Programs (CMEP).

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 IID's compliance with the requirements of the reliability standards that are applicable to IID based on IID's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored reliability standards.
- Validate compliance to WECC regional standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document IID's compliance culture and Internal Compliance Program.

Scope

A compliance audit will include all reliability standards applicable to the Registered Entity monitored in the NERC Implementation Plans in the current and two previous years, and may include other reliability standards applicable to the Registered Entity. The scope of an on-site compliance audit can vary depending on whether it is scheduled as part of a regular, periodic scheduled audit or as part of a compliance investigation.

Note: For the 2008 compliance program, the monitoring period for the compliance audit will be the past twenty-four (24) months or periods specified in

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

The IID audit scope involved the audit of fifty-six (56) NERC Reliability Standards and six (6) WECC Regional Reliability Standards.

Confidentiality and Conflict of Interest

Confidentiality agreements, executed by the WECC independent contractors (consultants) and code of conduct documentation for the NERC representative and WECC compliance staff, were available to IID if requested in advance of the audit. Work histories submitted by audit team members were provided to IID. IID 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. IID accepted the audit team member participants with no objections.

On-site Audit

On-site audits of Reliability Coordinators (RCs), Balancing Authorities (BAs), and Transmission Operators (TOPs) are conducted on a three-year cycle. IID is registered as a BA, TOP, TO, TP, TSP, PA, GOP, GO, RP, PSE, LSE and DP; and is therefore, subject to an on-site audit every three years.

IID was officially notified of the March 24-28, 2008, on-site audit (60-day notice of audit). Accompanying this notification were several documents relating to the audit as listed below:

- Pre-Audit Introduction Letter
- Notice of Compliance Audit (an explanation of Compliance Monitoring Authority and Registered Entity obligations regarding collection of data and information necessary to assess compliance with approved reliability standards)
- WECC Compliance Audit Team Biographies
- NERC 2008 Actively Monitored Standards
- Pre-Audit Questionnaire
- 2008 Audit Documentation Matrix.

IID was notified in the Pre-Audit letter that personnel (subject matter experts representing all the registered functions) would need to be available to answer questions (interviews) the audit team might have regarding the documentation.

The audit team had the flexibility to expand the scope of the audit by notifying IID in advance via the agenda that additions to the initial scope of the audit would be requested by the audit team leader if necessary during the audit overview meeting between the audit team and IID.

IID was asked to submit the completed questionnaire and certain requested documents back to WECC. These requested documents included:

- Sabotage Reporting Procedure (CIP-001-1)
- Capacity and Energy Emergency Plan (EOP-002-2)
- Manual Load Shed Plan or Procedure (EOP-003-1)
- System Restoration Plan (EOP-005-1)
- Loss of Primary Control Center Plan (EOP-008-0)
- Vegetation Management Plan (FAC-003-1)
- Operator Training Program (PER-002-0)
- Planning Studies and Assessment (TPL Standards)
- List of NERC Certified Operators and Certification Numbers.

IID also received the audit folders and Reliability Standard Audit Worksheets (RSAWs) approximately thirty (30) days ahead of the on-site audit.

The Audit Documentation Matrix was completed by IID and sent to WECC approximately five (5) days ahead of the on-site audit. This matrix provided guidance to the audit team on where to look in the documentation for compliance to each of the reliability standards.

IID was also informed that the on-site compliance audit would be conducted consistent with the following WECC Regional and NERC documents:

- WECC Compliance Monitoring and Enforcement Program
- NERC Reliability Standard Audit Worksheets.

Professional judgment was used by the audit team during the on-site audit. The audit team leader requested interviews with IID employees representing subject matter expertise regarding all of the registered functions of IID. These interviews in conjunction with IID evidence, gave the audit team a factual basis for determining compliance with the NERC reliability standards.

Reference - Generally accepted government auditing standard 3.31 - Auditors must use professional judgment in planning and performing audits and attestation engagements and in reporting the results.

Reference - Generally accepted government auditing standard 3.39 - While this standard places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

Methodology

Methodology: the auditing reliability standards and best practices that are to be followed by compliance auditors in carrying out their work. The methodology should be objective, measurable, complete and relevant to the audit objectives. The auditors should identify potential sources of audit evidence and consider the amount and type of evidence needed.

Company Profile

The IID profile is from the Pre-Audit Questionnaire.

Imperial Irrigation District Energy (IID) is the Energy Division of IID. It is a certified WECC Balancing Authority. Its service territory extends to around 6,500 square miles. It is geographically located in the southeastern part of the state of California. Mexico borders IID on its southern side, San Diego County to its west, Riverside County to the North, and the state of Arizona to the east.

IID owns, operates, and maintains electric generation, transmission, and distribution facilities. All of its internal generation resources (steam units, gas turbines, hydros), are distributed throughout its large service territory. IID also schedules and imports power from long-term purchase power agreements. Its total resource portfolio includes thermal, hydro, coal and nuclear generation assets.

Audit Specifics

The IID compliance audit was conducted on March 24-28, 2008, at the IID offices in Imperial, California.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Compliance Engineer	WECC
Member	Senior Compliance Engineer	WECC
Member	Senior Compliance Engineer	WECC
Member	Senior Compliance Engineer	WECC
Member	Compliance Program Coordinator	WECC
Observer	Compliance	WECC

Audit Team Role	Title	Company
	Program Coordinator	
Member	Consultant	WECC
Member	Consultant	WECC
Observer	Director of Special Projects	WECC

IID Audit Participants

Title	Organization
Supt of Trans and Gen Dispatch	IID
Supt of CIPS Compliance	IID
Supt of Trans and Gen Dispatch	IID
Computer Systems Engineer	IID
SRSR Administrator (per phone)	SRP
Day ahead transmission scheduler	IID
Telecommunications Foreman	IID
Gen Balancing and Interchange Operator	IID
RT Trans/Reliability Operator	IID
Reliability Coordinator (RDRC)	RDRC
Energy Production Reliability Coordinator	IID
IID System Operations Trainer	IID
Substation Construction & Maintenance Supt.	IID
Supt. Gen. System Planning	IID
Protection Supervisor	IID
Supt. Generation, System Planning and Contracts	IID
Asst. Manager Transmission	IID
System Planning Support	IID

Audit Results

The audit team reviewed and validated all the IID evidence, including additional evidence requested during the on-site audit and interviews with IID subject matter experts.

- The audit team spent significant time reviewing the evidence, findings, and conclusions. An extensive review of IID procedures, descriptions of processes, transactions and records was also conducted.
- Professional judgment was made by the audit team during the overall assessment of the evidence, and included a determination of whether the evidence was sufficient and appropriate to confirm compliance with the NERC Reliability Standards.
- The audit team found no major Bulk Electric System (BES) reliability concerns during the audit.
- Communications with IID management was ongoing during the audit.
- The status of mitigation plans in progress, self-reported violations, and completed mitigation plans were evaluated during the audit.
- Prior to the audit, IID self-reported forty-six (46) outstanding compliance violations and submitted mitigation plans for each of them. A total of thirty-five (35) mitigation plans were reviewed at the audit.
- Reliability Standard Audit Worksheets (RSAW), mitigation plans & completions, and summaries of auditor notes from interviews were used to validate compliance with each reliability standard and to complete the Findings for the audit.
- This audit report includes information regarding the possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties.

Findings

The “Finding” column contains one of the following: Compliant, Possible Violation, New Possible Violation (NPV), Not Applicable (NA), Outstanding Alleged Violation (OAV), Self-reported Violation (Self-Report), or other appropriate description.

Reliability Standard	Requirement	Finding
BAL-001-0	R1	Compliant
BAL-001-0	R2	Compliant
BAL-001-0	R3	NA
BAL-001-0	R4	NA
BAL-002-0	R1	Compliant
BAL-002-0	R2	NA
BAL-002-0	R3	Compliant
BAL-002-0	R4	Compliant
BAL-002-0	R5	NA
BAL-002-0	R6	Compliant
BAL-STD-002-0	WR1	Compliant
BAL-003-0	R1	Compliant
BAL-003-0	R2	Compliant
BAL-003-0	R3	Compliant
BAL-003-0	R4	NA
BAL-003-0	R5	Compliant
BAL-003-0	R6	NA
BAL-004-0	R1	NA
BAL-004-0	R2	NA
BAL-004-0	R3	Compliant
BAL-004-0	R4	NA
BAL-005-0	R1	Compliant
BAL-005-0	R2	Compliant
BAL-005-0	R3	NA
BAL-005-0	R4	NA
BAL-005-0	R5	NA
BAL-005-0	R6	Compliant
BAL-005-0	R7	Compliant
BAL-005-0	R8	Compliant
BAL-005-0	R9	Compliant
BAL-005-0	R10	Compliant
BAL-005-0	R11	Compliant
BAL-005-0	R12	Not Audited

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Reliability Standard	Requirement	Finding
BAL-005-0	R13	Compliant
BAL-005-0	R14	Compliant
BAL-005-0	R15	Compliant
BAL-005-0	R16	Compliant
BAL-005-0	R17	OAV
BAL-006-1	R1	Compliant
BAL-006-1	R2	Compliant
BAL-006-1	R3	Not Audited
BAL-006-1	R4	NPV
BAL-006-1	R5	Compliant
CIP-001-1	R1	Compliant
CIP-001-1	R2	Compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Compliant
COM-001-1	R1	Compliant
COM-001-1	R2	Compliant
COM-001-1	R3	Compliant
COM-001-1	R4	Compliant
COM-001-1	R5	Compliant
COM-001-1	R6	NA
COM-002-2	R1	Compliant
COM-002-2	R2	Compliant
EOP-001-0	R1	OAV
EOP-001-0	R2	Compliant
EOP-001-0	R3	Compliant
EOP-001-0	R4	Compliant
EOP-001-0	R5	NPV
EOP-001-0	R6	Compliant
EOP-001-0	R7	NPV
EOP-002-2	R1	Compliant
EOP-002-2	R2	Compliant
EOP-002-2	R3	Compliant
EOP-002-2	R4	Compliant
EOP-002-2	R5	NPV
EOP-002-2	R6	Compliant
EOP-002-2	R7	Compliant
EOP-002-2	R8	NA
EOP-002-2	R9	NA
EOP-003-1	R1	Compliant
EOP-003-1	R2	Compliant

Reliability Standard	Requirement	Finding
EOP-003-1	R3	NPV
EOP-003-1	R4	Compliant
EOP-003-1	R5	Compliant
EOP-003-1	R6	Compliant
EOP-003-1	R7	NPV
EOP-003-1	R8	Compliant
EOP-004-1	R1	NA
EOP-004-1	R2	Compliant
EOP-004-1	R3	Compliant
EOP-004-1	R4	NA
EOP-004-1	R5	NA
EOP-005-1	R1	NPV
EOP-005-1	R2	NPV
EOP-005-1	R3	NPV
EOP-005-1	R4	NPV
EOP-005-1	R5	Compliant
EOP-005-1	R6	Compliant
EOP-005-1	R7	Compliant
EOP-005-1	R8	Compliant
EOP-005-1	R9	Compliant
EOP-005-1	R10	NPV
EOP-005-1	R11	Compliant
EOP-008-0	R1	NPV
EOP-009-0	R1	Possible Violation
EOP-009-0	R2	Compliant
FAC-001-0	R1	Compliant
FAC-001-0	R2	Compliant
FAC-001-0	R3	Compliant
FAC-003-1	R1	NPV
FAC-003-1	R2	Compliant
FAC-003-1	R3	Compliant
FAC-003-1	R4	NA
FAC-008-1	R1	Compliant
FAC-008-1	R2	Compliant
FAC-008-1	R3	Compliant
FAC-009-1	R1	OAV
FAC-009-1	R2	OAV
FAC-013-1	R1	Compliant
FAC-013-1	R2	Compliant
INT-001-2	R1	NA

Reliability Standard	Requirement	Finding
INT-001-2	R2	NA
INT-003-2	R1	NPV
INT-004-1	R1	Compliant
INT-004-1	R2	NA
IRO-001-1	R1	NA
IRO-001-1	R2	NA
IRO-001-1	R3	Compliant
IRO-001-1	R4	NA
IRO-001-1	R5	NA
IRO-001-1	R6	NA
IRO-001-1	R7	NA
IRO-001-1	R8	Compliant
IRO-001-1	R9	NA
IRO-004-1	R1	NA
IRO-004-1	R2	NA
IRO-004-1	R3	NA
IRO-004-1	R4	Compliant
IRO-004-1	R5	NA
IRO-004-1	R6	NA
IRO-004-1	R7	Compliant
IRO-005-1	R1	NA
IRO-005-1	R2	NA
IRO-005-1	R3	NA
IRO-005-1	R4	NA
IRO-005-1	R5	NA
IRO-005-1	R6	NA
IRO-005-1	R7	NA
IRO-005-1	R8	Compliant
IRO-005-1	R9	NA
IRO-005-1	R10	NA
IRO-005-1	R11	NA
IRO-005-1	R12	Compliant
IRO-005-1	R13	Compliant
IRO-005-1	R14	Compliant
IRO-005-1	R15	NA
IRO-005-1	R16	NA
IRO-005-1	R17	NA
IRO-006-3	R1	NA
IRO-006-3	R2	NA
IRO-006-3	R3	NA
IRO-006-3	R4	NA

Reliability Standard	Requirement	Finding
IRO-006-3	R5	NA
IRO-006-3	R6	Compliant
IRO-STD-006-0	WR1	Compliant
MOD-010-0	R1	Compliant
MOD-010-0	R2	Compliant
MOD-012-0	R1	Compliant
MOD-012-0	R2	Compliant
MOD-024-1	R1	NA
MOD-024-1	R2	NA
MOD-024-1	R3	OAV
PER-001-0	R1	Compliant
PER-002-0	R1	Compliant
PER-002-0	R2	NPV
PER-002-0	R3	NPV
PER-002-0	R4	Compliant
PER-003-0	R1	Compliant
PRC-004-1	R1	Compliant
PRC-004-1	R2	OAV
PRC-004-1	R3	Compliant
PRC-005-1	R1	NPV
PRC-005-1	R2	NPV
PRC-STD-005-1	WR1	NA
PRC-007-0	R1	Compliant
PRC-007-0	R2	Compliant
PRC-007-0	R3	Compliant
PRC-008-0	R1	OAV
PRC-008-0	R2	OAV
PRC-010-0	R1	NA
PRC-010-0	R2	NA
PRC-011-0	R1	NA
PRC-011-0	R2	NA
PRC-016-0	R1	Compliant
PRC-016-0	R2	Compliant
PRC-016-0	R3	Compliant
PRC-017-0	R1	Compliant
PRC-017-0	R2	Compliant
PRC-021-1	R1	NA
PRC-021-1	R2	NA
TOP-001-1	R1	Compliant
TOP-001-1	R2	Compliant

Reliability Standard	Requirement	Finding
TOP-001-1	R3	Compliant
TOP-001-1	R4	Compliant
TOP-001-1	R5	Compliant
TOP-001-1	R6	NPV
TOP-001-1	R7	Compliant
TOP-001-1	R8	Compliant
TOP-002-2	R1	Compliant
TOP-002-2	R2	Compliant
TOP-002-2	R3	Compliant
TOP-002-2	R4	NPV
TOP-002-2	R5	Compliant
TOP-002-2	R6	Compliant
TOP-002-2	R7	Compliant
TOP-002-2	R8	Compliant
TOP-002-2	R9	Compliant
TOP-002-2	R10	Compliant
TOP-002-2	R11	NPV
TOP-002-2	R12	Compliant
TOP-002-2	R13	NPV
TOP-002-2	R14	Compliant
TOP-002-2	R15	Compliant
TOP-002-2	R16	Compliant
TOP-002-2	R17	NPV
TOP-002-2	R18	Compliant
TOP-002-2	R19	Compliant
TOP-003-0	R1	Compliant
TOP-003-0	R2	Compliant
TOP-003-0	R3	Compliant
TOP-003-0	R4	NA
TOP-004-1	R1	Compliant
TOP-004-1	R2	Compliant
TOP-004-1	R3	NPV
TOP-004-1	R4	Compliant
TOP-004-1	R5	Compliant
TOP-004-1	R6	OAV
TOP-005-1	R1	Compliant
TOP-005-1	R2	NA
TOP-005-1	R3	Compliant
TOP-005-1	R4	Compliant
TOP-007-0	R1	Compliant
TOP-007-0	R2	Compliant

Reliability Standard	Requirement	Finding
TOP-007-0	R3	Compliant
TOP-007-0	R4	NA
TOP-STD-007-0	WR1	NA
TPL-001-0	R1	Possible Violation
TPL-001-0	R2	Compliant
TPL-001-0	R3	Compliant
TPL-002-0	R1	Possible Violation
TPL-002-0	R2	Possible Violation
TPL-002-0	R3	Compliant
TPL-003-0	R1	OAV
TPL-003-0	R2	OAV
TPL-003-0	R3	OAV
TPL-004-0	R1	OAV
TPL-004-0	R2	OAV
VAR-001-1	R1	OAV
VAR-001-1	R2	NPV
VAR-001-1	R3	NPV
VAR-001-1	R4	Compliant
VAR-001-1	R5	Compliant
VAR-001-1	R6	Compliant
VAR-001-1	R7	Compliant
VAR-001-1	R8	Compliant
VAR-001-1	R9	Compliant
VAR-001-1	R10	Compliant
VAR-001-1	R11	Compliant
VAR-001-1	R12	Compliant
VAR-002-1	R1	Compliant
VAR-002-1	R2	Compliant
VAR-002-1	R3	Compliant
VAR-002-1	R4	Compliant
VAR-002-1	R5	Compliant
VAR-STD-002a-1	WR1	Compliant
VAR-STD-002b-1	WR1	Compliant

Compliance Culture

The IID Internal Compliance Program (ICP) was not reviewed during this audit.