



# **Compliance Audit Report Public Version**

**Umatilla Electric Cooperative Assoc.  
(UMEC)  
NCR05436  
March 12, 2008**

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

**Final – November 25, 2008**

## Audit Overview

The WECC Compliance Department conducted an off-site compliance audit of the Umatilla Electric Cooperative Association (UMEC) on March 12, 2008. The off-site audit was conducted at the WECC Compliance Department offices at 615 Arapeen Drive, Suite 210, Salt Lake City, Utah.

UMEC personnel were notified at the start of the off-site audit and kept informed as the audit progressed. UMEC did not have personnel available at the WECC Offices during the audit and at the closing presentation.

At the time of the off-site audit, UMEC was registered for the following functions: DP, LSE, TO.

The following functions were audited: DP, LSE.

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

The audit team used the Reliability Standard Audit Worksheets (RSAWs) during the compliance review of each reliability standard. The evidence provided was reviewed for the period June 18, 2007 through the off-site audit dates. The June 18, 2007 date is when FERC made compliance to eighty-three (83) of the NERC Reliability Standards mandatory and enforceable in the United States. No violations were identified by the audit team during this audit.

### ***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 UMEC in advance of the off-site audit, if requested. Work history and conflict of interest forms submitted by each audit team member were also provided. UMEC 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 that audit team member's impartial performance of duties. UMEC accepted the audit team member participants with no objections.

### ***Off-site Audit***

Off-site audits of Load-Serving Entities (LSEs), Distribution Providers (DPs) and Purchasing-Selling Entities (PSEs) are conducted on a six-year cycle. If a Registered Entity is registered for other functions (such as GO, GOP, TO, etc.), it has the option of having these other functions audited during the off-site audit.

UMEC was officially notified of the off-site audit with a 60-day Notice of Compliance Audit letter. Accompanying this notification were attachments relating to the audit as listed below:

- Pre-audit introduction letter
- Audit team bios
- Pre-audit questionnaire
- Audit documentation matrix
- WECC 2008 Auditing, Monitoring and Reporting Requirements for NERC Standards.

UMEC 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.

UMEC was also informed that the off-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.

UMEC was asked to submit the completed questionnaire, the audit documentation matrix and other requested documents back to the WECC Compliance Department.

A pre-audit conference call was held by WECC compliance staff with all the Registered Entities scheduled for an off-site audit.

Professional judgment was used by the audit team during the off-site audit. The audit team leader may have requested interviews with employees representing subject matter expertise regarding the registered functions being audited. These interviews in conjunction with the 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 auditor should identify potential sources of audit evidence and consider the amount and type of evidence needed given the risk and significance when defining the audit methodology.

**Audit Specifics**

**Audit Team**

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

**Registered Entity Audit Participants (Attending/Interviewed/Listening)**

Title	Audited Organization
PNGC Manager Slice Operations	UMEC
Compliance Manager	UMEC
PNGC Real Time Operations Manager	UMEC

**Findings**

The findings of the audit team at the off-site audit were presented to UMEC at the closing presentation. These findings are indicated in Table A below. The “Finding” column contains one of the following: Compliant, Possible Violation (PV), New Possible Violation (NPV), Not Applicable (NA), Not Audited, Outstanding Alleged Violation (OV), Retraction requested (Retract), Self-reported Violation (Self-Report), or other appropriate description.

**Table A**

Reliability Standard	Requirement	Finding
BAL-005-0	1.	Compliant
BAL-005-0	2.	NA
BAL-005-0	3.	NA
BAL-005-0	4.	NA
BAL-005-0	5.	NA
BAL-005-0	6.	NA
BAL-005-0	7.	NA
BAL-005-0	8.	NA

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BAL-005-0	9.	NA
BAL-005-0	10.	NA
BAL-005-0	11.	NA
BAL-005-0	12.	NA
BAL-005-0	13.	NA
BAL-005-0	14.	NA
BAL-005-0	15.	NA
BAL-005-0	16.	NA
BAL-005-0	17.	NA
CIP-001-1	1.	Compliant
CIP-001-1	2.	Compliant
CIP-001-1	3.	Compliant
CIP-001-1	4.	Compliant
EOP-004-1	1.	NA
EOP-004-1	2.	Compliant
EOP-004-1	3.	Compliant
EOP-004-1	4.	NA
EOP-004-1	5.	NA
IRO-001-1	1.	NA
IRO-001-1	2.	NA
IRO-001-1	3.	NA
IRO-001-1	4.	NA
IRO-001-1	5.	NA
IRO-001-1	6.	NA
IRO-001-1	7.	NA
IRO-001-1	8.	Compliant
IRO-001-1	9.	NA
IRO-004-1	1.	NA
IRO-004-1	2.	NA
IRO-004-1	3.	NA
IRO-004-1	4.	Compliant
IRO-004-1	5.	NA
IRO-004-1	6.	NA
IRO-004-1	7.	NA
IRO-005-1	1.	NA
IRO-005-1	2.	NA
IRO-005-1	3.	NA
IRO-005-1	4.	NA
IRO-005-1	5.	NA
IRO-005-1	6.	NA
IRO-005-1	7.	NA
IRO-005-1	8.	NA
IRO-005-1	9.	NA

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IRO-005-1	10.	NA
IRO-005-1	11.	NA
IRO-005-1	12.	NA
IRO-005-1	13.	Compliant
IRO-005-1	14.	NA
IRO-005-1	15.	NA
IRO-005-1	16.	NA
IRO-005-1	17.	NA
IRO-STD-006-0	1.	Not Audited
PRC-004-1	1.	NA
PRC-004-1	2.	NA
PRC-004-1	3.	NA
PRC-005-1	1.	NA
PRC-005-1	2.	NA
PRC-007-0	1.	NA
PRC-007-0	2.	NA
PRC-007-0	3.	NA
PRC-008-0	1.	NA
PRC-008-0	2.	NA
PRC-010-0	1.	NA
PRC-010-0	2.	NA
PRC-011-0	1.	NA
PRC-011-0	2.	NA
PRC-016-0	1.	NA
PRC-016-0	2.	NA
PRC-016-0	3.	NA
PRC-017-0	1.	NA
PRC-017-0	2.	NA
PRC-021-1	1.	NA
PRC-021-1	2.	NA
TOP-001-1	1.	NA
TOP-001-1	2.	NA
TOP-001-1	3.	NA
TOP-001-1	4.	Compliant
TOP-001-1	5.	NA
TOP-001-1	6.	NA
TOP-001-1	7.	NA
TOP-001-1	8.	NA
TOP-002-2	1.	NA
TOP-002-2	2.	NA
TOP-002-2	3.	Compliant
TOP-002-2	4.	NA
TOP-002-2	5.	NA

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TOP-002-2	6.	NA
TOP-002-2	7.	NA
TOP-002-2	8.	NA
TOP-002-2	9.	NA
TOP-002-2	10.	NA
TOP-002-2	11.	NA
TOP-002-2	12.	NA
TOP-002-2	13.	NA
TOP-002-2	14.	NA
TOP-002-2	15.	NA
TOP-002-2	16.	NA
TOP-002-2	17.	NA
TOP-002-2	18.	Compliant
TOP-002-2	19.	NA