



Compliance Audit Report Public Version

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

Washington Electric Cooperative Inc.

NERC ID # - NCR08075

Date of Audit - May 4-11, 2009

Date of Report – June 17, 2009

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Executive Summary

This compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been removed. This public compliance audit report will be submitted to NERC and posted on the NERC website.

A compliance audit of Washington Electric Cooperative, Inc (WECI) was conducted from May 4 - 11, 2009 by an audit team lead by *ReliabilityFirst*. *ReliabilityFirst* conducts compliance audits as part of the *ReliabilityFirst* Compliance Monitoring and Enforcement Program (CMEP). At the time of the audit, WECI, NERC ID # - NCR08075; was registered for the Distribution Provider (DP) function that it performs in the *ReliabilityFirst* region.

The Audit Team evaluated WECI for compliance with nine (9) NERC Reliability Standards which consisted of seventeen (17) requirements for the period of June 18, 2007 to May 11, 2009. WECI provided information and documentation to aid the Audit Team's evaluation of compliance with the applicable standards. The Audit Team reviewed and evaluated all information provided by WECI to assess compliance with requirements/standards applicable to the DP function.

All nine (9) standards consisting of seventeen (17) requirements were found to be not applicable to WECI.

There were no on-going mitigation plans and therefore none were reviewed by the audit team.

Audit Process

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

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 to:

- Review WECI compliance with the requirements of Reliability Standards that are applicable to WECI based on WECI's registered function.

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

- Validate compliance with applicable Reliability Standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of outstanding self-reported violations and previous self-certifications, confirm compliance with other requirements of the Reliability Standards, and review the status of associated Mitigation Plans.
- Document WECI compliance program and culture.
- Validate compliance with additional NERC standards selected by the regions that are not in the NERC 2009 Implementation Plan.
- Validate compliance with applicable Reliability *First* and other regional reliability standards that apply to WECI.

Scope

The scope of the compliance audit included applicable NERC Reliability Standards applicable to the Registered Entity being monitored in the 2009 Reliability *First* Implementation Plan for the current and two previous years to June 18, 2007. Reliability *First* also included a review of appropriate mitigation plans and self-certifications, as applicable.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the Audit Team are governed under the Reliability *First* Delegation Agreement with NERC and the NERC Rules of Procedure Section 1500. WECI was informed of the Reliability *First* obligations and responsibilities under this agreement and rules of procedure. The work history for each Audit Team member was provided to WECI. WECI 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. WECI did not submit any objections by the stated fifteen day objection due date and by this action accepted the Audit Team member participants without objection.

Off-site Audit

WECI is currently subject to a compliance audit at a minimum of once every six years as provided by the NERC Rules of Procedure. Every DP in the NERC Compliance Registry is required to have an audit once every six years. WECI was provided with a 60 day notification of this scheduled audit and at that time was provided with all necessary documents required by the NERC and Reliability *First* audit process. The following documents were provided as part of the 60 day notification:

- 60 day Notification letter which contained request for evidence, information, and date submittals for each applicable requirement/standard
- Compliance Audit Survey
- Audit Agenda as applicable
- Confidentiality Agreements

- Internal Compliance Program Survey
- Audit Team Work History with discussion of the objection process
- General Instructions of Data and/or Information Submittals
- Reliability Standard Auditor Worksheets (RSAWs) and Questionnaires

Documents were provided to WECI in both electronic and hardcopy format.

Reliability*First* discussed the use of technical experts with the WECI primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by WECI as deemed necessary to explain their compliance to the requirements/standards.

WECI cooperation and flexibility with the agenda to address the requirements/standards was appreciated by the Audit Team.

This audit was conducted in the Reliability*First* offices in Akron, Ohio, using material provided by WECI. The Audit Team reviewed WECI evidence of compliance for all applicable standards with WECI technical experts, and requested, as required, additional information to clarify information previously supplied to the team. These interviews, in conjunction with evidence provided, supplied the Audit Team with a basis for using their professional judgment when validating compliance to the Reliability Requirements/Standards.

Methodology

The Audit Team reviewed the evidence provided by WECI for each of the Reliability Standards and requirements that apply to the functions performed by the company to assess WECI compliance with those NERC Reliability Standards and associated requirements, mitigation plans and self-certifications. The Audit Team reviewed each requirement, discussed the levels of compliance and addressed each team member's observations during the audit to determine the team's compliance findings from the audit review.

Opening Briefing

An Opening Briefing was conducted with WECI to discuss the following:

- Introduction of Audit Team
- Audit Objective and Scope
- Confidentiality of data and information
- Team Audit Expectations
- Discussion on Clarification Calls
- Audit Process

- Exit Briefing and schedule

Audit

The ReliabilityFirst Audit Team reviewed WECI applicable reliability standards/requirements and evaluated and measured the evidence provided for each to determine compliance.

Exit Briefing

The Audit Team conducted an exit briefing with a presentation to WECI via web-ex/conference call on May 11, 2009. The presentation was attended by WECI staff as well as the audit team. The status of the off-site audit process was discussed, followed by a review of the audit scope, the preliminary audit findings, and the compliance audit report process and entity feedback. WECI was provided an opportunity to ask questions concerning the topics that the Audit Team addressed.

The presentation was attended by the following WECI staff via conference call/web-ex.

Title	Company
Director of Engineering and IT	WECI
Director of Engineering and Operations	WECI

Company Profile

At the time of the audit, WECI was registered for the NERC function of Distribution Provider (DP) in ReliabilityFirst.

WECI is a not for profit electric cooperative in southeastern Ohio. WECI serves portions of Washington, Monroe, Noble, Athens, Morgan, and Guernsey counties. WECI owns and maintains approximately 1750 miles of distribution line, 8 miles are 23kV and the remainder at 12.47kV. The system peak load is 27.7MW, set in August of 2007. Energy is delivered to WECI by American Electric Power at eleven (11) locations. The only delivery point above 100kV is at its Ball Hollow substation which connects with AEP at 138 kV. The Reliability Coordinator (RC), Balancing Authority (BA) is the PJM Interconnection, and the Transmission Operator is American Electric Power (AEP).

WECI serves 10493 meters as follows:

Residential - 7721

Small Commercial and Non-Residential - 2206

Seasonal (cabins, campers, and recreational) - 500

General Service - 64

Large Power (500kVA and greater) - 2

WECI does not operate in a 24/7 environment.

Audit Specifics

The compliance audit was conducted from May 4 - 11, 2009 at the ReliabilityFirst Office in Akron, Ohio.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Engineer	ReliabilityFirst Corporation
Member	Consultant	RNJ Energy

WECI Electric Audit Participants

Title	Company
Director of Engineering and IT	WECI
Director of Engineering and Operations	WECI

Audit Results

After reviewing all of the evidence presented, the Audit Team determined all nine (9) standards consisting of seventeen (17) requirements were found not applicable (NA) to WECI. There were no mitigation plans, self certifications, or applicable regional standards that were in need of review by the audit team.

Findings

The following table lists the Audit Team's findings for the Reliability Standards associated with WECI's registered function.

Washington Electric Off-site Audit Findings Table

Reliability Standard	Requirement	Finding
PRC-004-1	R1	NA
PRC-004-1	R3	NA
PRC-005-1	R1	NA
PRC-005-1	R2	NA
PRC-008-0	R1	NA
PRC-008-0	R2	NA
PRC-010-0	R1	NA
PRC-010-0	R2	NA
PRC-011-0	R1	NA
PRC-011-0	R2	NA
PRC-016-0	R1	NA
PRC-016-0	R2	NA
PRC-016-0	R3	NA
PRC-017-0	R1	NA
PRC-021-1	R1	NA
PRC-021-1	R2	NA
TOP-001-1	R4	NA

Compliance Culture

WECI does not employ specific compliance personnel. The Director of Engineering and IT and the Director of Engineering and Operations respond to all compliance matters.

WECI feels it has sufficient resources to comply with Reliability*First's* directives.