



**Compliance Audit Report  
Public Version**

**Tri-State Generation and Transmission Association, Inc. - Reliability (TSGT)**  
NERC ID: NCR10030 (WECC)  
NERC ID: NCR10102 (MRO)

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

**Date of Audit: June 1 - 5, 2009**

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## Executive Summary

The Western Electricity Coordinating Council (WECC) and the Midwest Reliability Organization (MRO) performed an On-Site compliance audit of Tri-State Generation and Transmission Association, Inc. - Reliability (TSGT), on June 1 - 5, 2009. At the time of the audit, TSGT was registered on the North American Electric Reliability Corporation (NERC) in two separate regions.

In MRO, TSGT was registered as NCR10102 for the functions of:

Transmission Owner (TO)  
Transmission Operator (TOP)  
Transmission Service Provider (TSP)

In WECC, TSGT was registered as NCR10030 for the functions of:

Transmission Owner (TO),  
Transmission Operator (TOP)  
Transmission Planner (TP)  
Transmission Service Provider (TSP)

The Audit Team evaluated TSGT for compliance with 34 NERC Reliability Standards for the period of June 18, 2007 through June 1, 2009 in accordance with the 2009 NERC Compliance Monitoring and Enforcement Program. Also, the Audit Team evaluated TSGT for compliance with two WECC Regional Reliability Standards. TSGT provided information for the Audit Team's evaluation. The information provided by TSGT is described below in the section titled "On-Site Audit".

Based on the information provided by TSGT, the Audit Team determined that TSGT was compliant with all of the audited standards with the exception of EOP-005-1, *System Restoration Plans*, and PRC-005-1, *Transmission and Generation Protection System Maintenance and Testing*. The Audit Team found three new possible violations with requirements of those Reliability Standards.

The Audit Team reviewed TSGT's open mitigation plan(s). TSGT had four open mitigation plans for self reported violations with the Transmission Planning Standards. TSGT had submitted a retraction request for these violations. These Mitigation Plans and Self Reports were reviewed at the audit and the audit team recommended to the WECC Compliance Enforcement Department dismissal of these self reported violations due to evidence provided that TSGT was in compliance for the entire audit period. TSGT had no other open mitigation plans or any mitigation plans which had been closed during 2009.

[http://www.nerc.com/filez/enforcement/FinalFiled\\_NOP\\_NOC-434.pdf](http://www.nerc.com/filez/enforcement/FinalFiled_NOP_NOC-434.pdf)

## **Audit Process**

The CMEP details the compliance audit process. The CMEP conforms generally to United States Government Accountability Office Government Auditing Standards (GAGAS) and to other generally accepted audit practices.

## **Objectives**

All Registered Entities are subject to audit. The audit objectives are to:

- Independently review TSGT's compliance with the requirements of the Reliability Standards that apply to TSGT based on TSGT's registered functions.
- Validate the Registered Entity's compliance with the applicable NERC Reliability Standards from the NERC 2009 Implementation Plan list of actively-monitored Reliability Standards and as selected by WECC.
- 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 TSGT's compliance culture.

## **Scope**

A compliance audit will include an evaluation of all of the Reliability Standards that apply to TSGT monitored by WECC and MRO in accordance with the NERC and Regional 2009 Implementation Plans, and may include other Reliability Standards applicable to TSGT. The scope of an on-site compliance audit can vary depending on whether it is part of a regular, periodic scheduled audit, or as part of a compliance investigation. This audit is a regular scheduled audit of TSGT and covers the period from June 18, 2007 through June 5, 2009.

## **Confidentiality and Conflicts of Interest**

The WECC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure, govern issues of confidentiality and conflicts of interest that may arise as the result of an audit. WECC informed TSGT of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. WECC provided the work history for each Audit Team member to TSGT. TSGT 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. TSGT did not submit any objections within the fifteen day deadline.

## **On-Site Audit**

WECC notified TSGT of the audit on April 2, 2009. WECC informed TSGT that the Audit Team would perform the audit in accordance with the CMEP and the 2009 NERC Compliance Questionnaire and Reliability Standard Audit Worksheet (QRSAW). WECC also provided the following documents and information to TSGT on April 2, 2009:

### **Notice of Compliance Audit**

- Attachment A: Compliance Monitoring Authority Letter
- Attachment B: Audit Team Biographies
- Attachment C: Off-Site Pre-Audit Survey
- Attachment D: 2009 NERC Questionnaire Reliability Standard Worksheet and WECC Reliability Standard Audit Worksheets
- Attachment E: Compliance Audit Certification Letter (This certification letter is a form document that NERC requires Registered Entities to Sign.)
- Attachment F: Confidentiality Agreements for the Audit Team members

In response to WECC's request, TSGT provided completed QRSAWs and copies of the above-listed documents. TSGT also provided copies of policies, procedures, plans, programs, and other types of documents. In preparation for the on-site audit, the Audit Team reviewed portions of the QRSAWs and other documents submitted by TSGT in preparation for the primary evaluation of compliance which would be conducted on site.

## **Methodology**

As referenced above in the Audit Process section, WECC follows the GAGAS and conducts compliance audits as described in the NERC Compliance Auditor Manual.

## **Audit Overview**

The on-site audit began on June 1, 2009. The Audit Team leader provided an overview of the audit process. TSGT personnel presented an overview of the company's organization and operations. After the introductory meeting, the Audit Team separated into sub-groups of two to three auditors each to review and investigate each applicable Reliability Standard. Several times during the week, the entire Audit Team met to recount preliminary findings and to ensure the entire Audit Team concurred with each sub-group's conclusions.

## **Audit**

During the on-site audit, the Audit Team substantiated the documents and information that TSGT provided before the on-site audit commenced. The Audit Team requested additional information from TSGT during the on-site audit, and cross-checked that information as well to ensure accuracy. The Audit Team spent a significant amount of time reviewing TSGT's procedures, transactions and records. Additionally, the Audit

Team interviewed TSGT personnel during the on-site audit. It also consulted with TSGT's subject matter experts to evaluate TSGT's compliance with the applicable Reliability Standards. The Audit Team communicated with TSGT's compliance management personnel throughout the course of the audit.

To reach its conclusions during the audit process, the Audit Team relied upon the following: (1) documentation provided by TSGT; (2) interviews with TSGT personnel; (3) consultation with TSGT's subject matter experts; (4) observations made by the Audit Team during the on-site audit; (5) the Reliability Standards; (6) the Audit Team's expertise regarding the Bulk Power System; and (7) consensus of the Audit Team's members. The interviews and documents provided by TSGT provided the Audit Team with a basis for professional judgment when validating TSGT's compliance with the Reliability Standards.

### **Exit Briefing**

To conclude the on-site audit, the Audit Team leader gave a slide presentation to TSGT personnel summarizing the Audit Team's preliminary findings regarding each applicable Reliability Standard. The Audit Team leader also explained the next steps in the audit process and how WECC handles possible violations under the CMEP.

### **Company Profile**

Tri-State is a not-for-profit generation and transmission cooperative governed by a Board of Directors representing its forty-four (44) member-owners. Tri-State's member-owners serve retail customers in a 250,000 square-mile service territory across Colorado, Nebraska, New Mexico and Wyoming.

Serving more than 1.4 million consumers, Tri-State was founded in 1952 by its member systems to provide a reliable, cost-based supply of electricity. Headquartered in Westminster, Colo., more than 1,100 people are employed by Tri-State throughout its four-state service area.

### **Audit Specifics**

WECC conducted the compliance audit June 1-5, 2009 at TSGT's offices in Denver, Colorado.

### **Audit Team**

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

## Audit Team Members

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Audit Team Lead	Acting Manager of Compliance Audits	WECC
Auditor	Senior Compliance Engineer	WECC
Auditor	Senior Compliance Engineer	WECC
Auditor	Compliance Engineer	WECC
Auditor	Consultant	WECC
Auditor	Consultant	WECC
Auditor	Consultant	WECC
Documentation	Compliance Program Coordinator	WECC
Auditor	Engineer	MRO
Observer	Regional Compliance Auditor	NERC
Observer	Regional Compliance Auditor	NERC
Observer	Electrical Engineer	FERC
Observer	Senior Electrical Engineer	FERC
Observer	Economist	FERC

## TSGT Audit Participants

<b>Title</b>	<b>Organization</b>
Reliability Compliance Specialist	Reliability Compliance
Dispatch Manager	System Operations
Security Manager	Physical Security
Sr. System Operator	System Operations
System Operating Engineer	System Operations
Maintenance Transmission Manager East	Transmission Maintenance
Maintenance Transmission Manager East	Transmission Maintenance
Substation Maintenance Supervisor	Transmission Maintenance
System Protection Engineering Supervisor	Transmission Maintenance
Planning Engineer	Power System Planning
Senior Planning Engineer	Power System Planning
Senior Manager, Power System Planning	Power System Planning

## Audit Results

The Audit Team reviewed and validated all of the evidence presented by TSGT for the audit, including additional information requested by the Audit Team during the audit and information provided during interviews with TSGT subject matter experts.

--The Audit Team spent significant time reviewing the evidence, findings and conclusions. The Audit Team conducted an extensive review of TSGT's procedures, descriptions of processes, transactions and records.

--The Audit Team exercised its professional judgment during the overall assessment of the evidence, and determined whether TSGT's evidence was sufficient to confirm compliance with the applicable Reliability Standards.

--The Audit Team had ongoing communications with TSGT during the audit.

--The Audit Team used QRSAWS and summaries of auditor notes from interviews to validate compliance with each applicable Reliability Standard and to complete the findings for the audit.

--The Audit Team reviewed TSGT's evidence concerning appropriate supervisory reviews, communications about any deficiencies in internal control and instances of possible violations, and the current status of any mitigation plans pending completion.

## Findings

The "Finding" column may contain any one of the following: Compliant, New Possible Violation (NPV), Not Applicable (N/A), Not Audited, Outstanding Violation (OV), Retraction requested (Retract), Self-reported Violation (Self-Report), or other appropriate description.

All listed requirements are applicable to registered functions in both Midwest Reliability Organization and Western Electricity Coordinating Council Regions unless specifically noted in the Auditor Notes and Summary.

Reliability Standard	Req.	Finding
COM-001-1	R1.	Compliant
	R2	Not Audited
	R3	Not Audited
	R4	Not Audited
	R5	Not Audited
	R6	Not Audited
COM-002-2	R1.	Compliant
	R2.	Not Audited
CIP-001-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
	R4.	Compliant
EOP-001-0	R1.	Not Audited
	R2.	N/A
	R3.	Compliant

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<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
	R4.	Compliant
	R5.	Compliant
	R6.	Compliant
	R7.	Compliant
EOP-003-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
	R4.	Compliant
	R5.	Compliant
	R6.	Compliant
	R7.	Compliant
	R8.	Compliant
EOP-005-1	R1.	NPV
	R2.	Compliant
	R3.	Compliant
	R4.	NPV
	R5.	Compliant
	R6.	Compliant
	R7.	Compliant
	R8.	N/A
	R9.	Compliant
	R10	N/A
	R11	Compliant
EOP-008-0	R1.	Compliant
FAC-001-0	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
FAC-003-1	R1.	Compliant
	R2.	Compliant
	R3	Not Audited
	R4	Not Audited
FAC-008-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
FAC-009-1	R1.	Compliant
	R2.	Compliant
FAC-014-1 FAC-014-1	R1.	Not Audited
	R2.	Not Audited
	R3.	Not Audited
	R4.	Not Audited

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<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
	R5.	Compliant
	R6	Not Audited
IRO-001-1	R1	N/A
	R2	N/A
	R3	N/A
	R4	N/A
	R5	N/A
	R6	N/A
	R7.	N/A
	R8.	Compliant
	R9.	N/A
IRO-004-1	R1	N/A
	R2	N/A
	R3	N/A
	R4.	Compliant
	R5.	N/A
	R6.	N/A
	R7.	Compliant
IRO-005-1	R1.	N/A
	R2.	N/A
	R3.	N/A
	R4.	N/A
	R5.	N/A
	R6.	N/A
	R7.	N/A
	R8.	Compliant
	R9.	N/A
	R10.	N/A
	R11.	N/A
	R12.	Compliant
	R13.	Compliant
PER-001-0	R1.	Compliant
PER-002-0	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
	R4.	Compliant
PER-003-0	R1.	Compliant
PRC-001-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant

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<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
	R4.	Compliant
	R5.	Compliant
	R6.	Compliant
PRC-004-1	R1.	Compliant
	R2.	N/A
	R3.	Compliant
PRC-005-1	R1.	NPV
	R2.	Compliant
PRC-008-0	R1.	Compliant
	R2.	Compliant
PRC-017-0	R1.	Compliant
	R2.	Compliant
PRC-STD-005-1	WR1	Compliant
TOP-001-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
	R4.	N/A
	R5.	Compliant
	R6.	Compliant
	R7.	Compliant
	R8.	Compliant
TOP-002-2	R1.	Compliant
	R2.	Not Audited
	R3.	Compliant
	R4.	Compliant
	R5.	Not audited
	R6.	Not audited
	R7.	Not audited
	R8.	Not audited
	R9.	N/A
	R10.	Not audited
	R11.	Compliant
	R12.	Not audited
	R13.	N/A
	R14.	N/A
	R15.	N/A
TOP-002-2	R16.	Compliant
	R17.	Compliant
	R18.	Compliant
	R19.	Compliant

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<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
TOP-004-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant
	R6	Not audited
TOP-006-1	R1	Not audited
	R2.	Compliant
	R3	Not audited
	R4	Not audited
	R5	Not audited
	R6.	Compliant
TOP-007-0	R1.	Compliant
	R2.	N/A
	R3.	N/A
	R4.	N/A
TOP-008-1	R1.	Compliant
	R2.	Compliant
	R3.	Compliant
	R4.	Not Audited
TOP-STD-007-0	WR1	Compliant
TPL-001-0	R1.	Compliant
	R2.	Not Audited
	R3.	Not Audited
TPL-002-0	R1.	Compliant
	R2.	Not Audited
	R3.	Not Audited
TPL-003-0	R1.	Compliant
	R2.	Not Audited
	R3.	Not Audited
TPL-004-0	R1.	Compliant
	R2.	Compliant
VAR-001-1	R1.	Compliant
	R2.	Compliant
VAR-001-1	R3.	Not Audited
	R4.	Not Audited
	R5.	N/A
	R6.	Not Audited
	R7.	Compliant

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
	R8.	Compliant
	R9.	Compliant
	R10.	Compliant
	R11.	Not Audited
	R12.	Compliant

### **Compliance Culture**

A review of TSGT's compliance culture was conducted by Audit team members.