



**Compliance Audit Report
Public Version**

**Inland Power and Light Company
NCR05198**

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

Date of Audit: March 10, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Inland Power and Light Company (INPL) NERC ID NCR05198 on March 10, 2010. At the time of the audit, INPL was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Distribution Provider
Load-Serving Entity

The Audit Team evaluated INPL for compliance with 70 (seventy) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally, 1 (one) requirement in the WECC Regional Reliability Standards was audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 to March 10, 2010. INPL submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by INPL to assess compliance with standards applicable to INPL at this time.

Based on the information and documentation provided by INPL, the Audit Team found INPL to be compliant with 15 (fifteen) applicable requirements. The Audit Team determined that 55 (fifty-five) Requirements were not applicable to INPL. The Audit Team also found INPL compliant with 1 (one) requirement in the WECC Regional Reliability Standards audited.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information regarding the Audit Team's findings of applicability and compliance for the NERC Reliability Standards reviewed during the compliance audit. Any New Possible Violations will be processed through the NERC and WECC CMEP.

There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the Audit Team.

Audit Process

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

Objectives

A Registered Entity is subject to audit for compliance with all Reliability Standards applicable to its registered functions.

The audit objectives are to:

- Review compliance with the requirements of Reliability Standards that are applicable to INPL, based on the functions that INPL is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 CMEP Implementation Plan list of actively-monitored Reliability Standards and any applicable NERC Reliability Standards selected by WECC;
- Validate compliance with applicable Regional Standards from the WECC 2010 CMEP Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the WECC CMEP 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding mitigation plans or remedial action directives which have been completed or pending in the year of the compliance audit.

At the time of the audit, INPL was registered for the functions Distribution Provider and Load-Serving Entity. The Audit Team evaluated INPL for compliance during the period of June 18, 2007 to March 10, 2010.

WECC notified INPL of the audit on January 04, 2010. WECC informed INPL that the Audit Team would perform the audit in accordance with the CMEP and the 2010 NERC Compliance Questionnaire and Reliability Standard Audit Worksheets (RSAW). In preparation for the audit, the Audit Team reviewed the RSAWs and other documents submitted by INPL to evaluate compliance with each applicable Reliability Standard.

Confidentiality and Conflicts of Interest

Confidentiality and Conflict of Interest of the Audit Team are governed under the WECC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. INPL was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On January 04, 2010, WECC provided the work history for each Audit Team member to INPL. INPL 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. Section 3.1.5 of the WECC CMEP requires the INPL to submit any objections no later than fifteen days prior to the start of the off-site audit. INPL did not submit any objections regarding any Audit Team members. There have been no denials of information or access limitations placed upon this Audit Team by INPL.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by INPL and assessed compliance with requirements of the applicable Reliability Standards. Submittals of information and requests for data were sent to INPL at least thirty days before the scheduled date of the audit. Additional information relevant to the audit could be submitted until the last day of the review at the audit site. After that date, only data or information which was relevant to the content of the report or its findings can be submitted upon agreement by the Audit Team lead.

The Audit Team requested and received additional information and sought clarification from subject matter experts during the audit.

The Audit Team reviewed documentation provided by INPL. Data, information and evidence submitted in the form of policies, procedures, emails, logs, data sheets, etc., was validated, substantiated and cross checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set is determined by a statistical methodology augmented with professional judgment to ensure that the sample set is representative of the Requirement's significance to the reliability of the Bulk Electric System (BES).

Findings were based on the Audit Team's knowledge of the BES, the NERC Reliability Standards and team members' professional judgment. All findings were developed based on the consensus of the Audit Team.

Company Profile

Inland Power and Light Company is a member-owned cooperative located in the Inland Northwest providing electricity to over 38,000 commercial, residential and agricultural customers in portions of eastern Washington and northern Idaho.

With headquarters in Spokane, Washington, the INPL service area is mostly rural and includes 11 miles of 115 kV transmission lines that are designed to serve only INPL loads. INPL has a peak load of 232 MW and is a winter peaking utility that is part of the Bonneville Power Administration (BPA) balancing area.

Audit Participants

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

Audit Team Members

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

INPL Audit Participants

Title	Company
Chief Engineer	INPL
System Engineer	INPL

Audit Results

The Audit Team evaluated INPL for compliance with 70 (seventy) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP) covering all applicable registered functions. Additionally, 1 requirement in the WECC Regional Reliability Standards was audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 to March 10, 2010. INPL submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by INPL to assess compliance with standards applicable to INPL at this time.

Based on the information and documentation provided by INPL, the Audit Team found INPL to be compliant with 15 (fifteen) applicable requirements. The Audit Team determined that 55 (fifty-five) requirements were not applicable to INPL. The Audit Team also found INPL compliant with 1 (one) requirement in the WECC Regional Reliability Standards audited.

Findings

The following table details the compliance findings for those standards identified in the scope of this audit.

The Finding column may contain any one of the following: Compliant, New Possible Violation, Not Applicable, Outstanding Violation, Retraction Requested, Self-Reported Violation, or other appropriate description.

Reliability Standard	Req.	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
EOP-002-2	R1.	Not Applicable
EOP-002-2	R2.	Not Applicable
EOP-002-2	R3.	Not Applicable
EOP-002-2	R4.	Not Applicable
EOP-002-2	R5.	Not Applicable
EOP-002-2	R6.	Not Applicable
EOP-002-2	R7.	Not Applicable

EOP-002-2	R8.	Not Applicable
EOP-002-2	R9.	Compliant
FAC-002-0	R1.	Compliant
IRO-001-1.1	R3.	Not Applicable
IRO-001-1.1	R7.	Not Applicable
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	R9.	Not Applicable
IRO-004-1	R1.	Not Applicable
IRO-004-1	R2.	Not Applicable
IRO-004-1	R3.	Not Applicable
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	Not Applicable
IRO-004-1	R6.	Not Applicable
IRO-004-1	R7.	Not Applicable
IRO-005-2	R1.	Not Applicable
IRO-005-2	R2.	Not Applicable
IRO-005-2	R3.	Not Applicable
IRO-005-2	R4.	Not Applicable
IRO-005-2	R5.	Not Applicable
IRO-005-2	R7.	Not Applicable
IRO-005-2	R8.	Not Applicable
IRO-005-2	R9.	Not Applicable
IRO-005-2	R10.	Not Applicable
IRO-005-2	R11.	Not Applicable
IRO-005-2	R12.	Not Applicable
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	Not Applicable
IRO-005-2	R15.	Not Applicable
IRO-005-2	R16.	Not Applicable
IRO-005-2	R17.	Not Applicable
IRO-STD-006-0	WR1.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Not Applicable
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Not Applicable
PRC-008-0	R2.	Not Applicable
PRC-017-0	R1.	Not Applicable
TOP-001-1	R1.	Not Applicable
TOP-001-1	R2.	Not Applicable
TOP-001-1	R3.	Not Applicable
TOP-001-1	R4.	Compliant

TOP-001-1	R5.	Not Applicable
TOP-001-1	R6.	Not Applicable
TOP-001-1	R7.	Not Applicable
TOP-001-1	R8.	Not Applicable
TOP-002-2	R1.	Not Applicable
TOP-002-2	R2.	Not Applicable
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Not Applicable
TOP-002-2	R5.	Not Applicable
TOP-002-2	R6.	Not Applicable
TOP-002-2	R11.	Not Applicable
TOP-002-2	R13.	Not Applicable
TOP-002-2	R14.	Not Applicable
TOP-002-2	R15.	Not Applicable
TOP-002-2	R16.	Not Applicable
TOP-002-2	R17.	Not Applicable
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Not Applicable

Compliance Culture

INPL states it has an “informal” Internal Compliance Program contained within its written compliance procedures. These compliance procedures were not reviewed during the audit.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for INPL’s personnel summarizing the Audit Team’s preliminary findings. The Audit Team leader also explained the next steps in the audit process and how WECC handles possible violations under the CMEP.

In Accordance with WECC CMEP Section 3.1.6:

WECC provided the draft of this audit report and an Entity Comment Form to INPL on April 9, 2010 for review and comment. However, INPL provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, Director of Compliance Audits and Investigations on April 20, 2010.