



Compliance Audit Report Public Version

High Trail Wind Farm LLC
NERC ID# NCR08054

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

Date of Audit: April 05 - April 16, 2010

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Executive Summary

A compliance audit of High Trail Wind Farm LLC (HTW), NERC ID # - NCR08054 was conducted from April 05 - April 16, 2010. At the time of the audit, HTW was registered for the Generator Operator (GOP) and Generator Owner (GO) functions.

The audit team evaluated HTW for compliance with forty-four (44) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of June 18, 2007 to April 16, 2010. HTW submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by HTW to assess compliance with standards applicable to HTW at this time.

Based on the information and documentation provided by HTW, the audit team found HTW to be compliant with forty-two (42) applicable requirements. The audit team determined that two (2) requirements were not applicable to HTW. The audit team identified zero (0) Possible Violation(s).

Any Possible Violations will be processed through the NERC and Reliability *First* 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 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 an audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.* The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to HTW, based on the functions that HTW is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2010 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by ReliabilityFirst;
- Validate compliance with applicable regional standards from the ReliabilityFirst 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document HTW's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the ReliabilityFirst 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, HTW was registered for the functions Generator Operator (GOP) and Generator Owner (GO). The audit team evaluated HTW for compliance during the period of June 18, 2007 to April 16, 2010.

Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. HTW was informed of ReliabilityFirst's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to HTW. HTW was given an opportunity to object to an audit team member's participation on the basis of a possible

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

conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. HTW had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by HTW.

Methodology

The audit team reviewed the information, data, and evidence submitted by HTW and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data was due thirty (30) days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. After that date, only data or information which was relevant to the content of the report or its finding 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 evaluated all evidence of compliance for sufficiency and appropriateness, according to the Generally Accepted Government Auditing Standards.

The audit team reviewed documentation provided by HTW. Data, information and evidence submitted in the form of policies, procedures, e-mails, logs, studies, data sheets, etc. which were validated, substantiated and cross-checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling 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 their professional judgment. All finding were developed based upon the consensus of the audit team.

Company Profile

High Trail Wind Farm LLC is owned and operated by Horizon Wind Energy LLC. Horizon Wind develops, constructs, own and operates wind farms through North America. Horizon Wind currently operates wind farms in ten states arcorssthe United States. Horizon Wind is based in Houston, Texas.

Audit Participants

The following is a listing of all personnel from the Audit Team and HTW who were present during the meetings or interviews.

Audit Team Participants

Audit Team Role	Title	Entity
Audit Team Lead	Senior Engineer	ReliabilityFirst

Audit Team Role	Title	Entity
Audit Team Member	Engineer	ReliabilityFirst

HTW Audit Participants

Title	Entity
Regulatory Compliance Manager	Horizon Wind Energy
Senior Manager – Regional Operations, Midwest	Horizon Wind Energy
Operations Manager	Horizon Wind Energy
Senior Electrical Engineering Project Manager	Horizon Wind Energy

Audit Results

The audit team evaluated HTW for compliance with forty-four (44) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of June 18, 2007 to April 16, 2010. HTW submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by HTW to assess compliance with standards applicable to HTW at this time.

Based on the information and documentation provided by HTW, the audit team found HTW to be compliant with forty-two (42) applicable requirements. The audit team determined that two (2) requirements were not applicable to HTW. The audit team identified zero (0) Possible Violations.

Findings

The following table details the findings for compliance for the scope identified for this audit.

Reliability Standard	Requirement.	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant

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COM-002-2	R1.	Compliant
FAC-002-0	R1.	Compliant
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-001-1.1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-2	R13.	Compliant
NUC-001-1	R3.	Compliant
NUC-001-1	R4.	Compliant
NUC-001-1	R5.	Compliant
NUC-001-1	R6.	Compliant
NUC-001-1	R7.	Compliant
NUC-001-1	R8.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
PRC-004-1	R2.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	Not Applicable
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
VAR-002-1.1a	R1.	Not Applicable
VAR-002-1.1a	R2.	Compliant
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant

Compliance Culture

HTW's compliance culture was reviewed by the audit team.

HTW is part of Horizon Wind's Regulatory Compliance Program which deals with monitoring compliance with NERC, the NERC Regional Entities and FERC approved NERC Reliability Standards.

Horizon Wind has a Regulatory Compliance Officer as well as a Regulatory Oversight Compliance Committee who are responsible for oversight and the functioning of the compliance program, both reporting directly to the CEO. The Regulatory Compliance Officer also has access to the Board of Directors. Senior management personnel participate and serve on the Regulatory Oversight Committee. The Regulatory Oversight Committee reviews the compliance program annually or more frequently as needed.

Horizon Wind's compliance program includes annual training for all personnel. New employees receive compliance program training during new employee orientation class.

Horizon Wind's compliance program includes self-audits for each wind farm at least annually or more frequently as needed. When a compliance issue is encountered, the compliance program requires identification of the underlying causes and implements corrective action to prevent reoccurrence, including gaps in policies, practices or internal controls.

Horizon Wind maintains a Regulatory Compliance Program Manual which describes Horizon's Reliability Compliance Program.