



**Compliance Audit Report
Public Version**

**Dixie Escalante Rural Electric Association, Inc. (DIXE)
NCR#: 05130**

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

Date of Audit: February 25, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Dixie Escalante Rural Electric Association, Inc. (DIXE) NERC ID NCR05130 on February 25, 2010. At the time of the audit, DIXE was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following function:

Distribution Provider (DP)

The Audit Team evaluated DIXE for compliance with sixteen (16) Requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). No WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 – February 25, 2010. DIXE submitted information and documentation for the Audit Team's evaluation of compliance with the Requirements. The Audit Team reviewed and evaluated all information provided by DIXE to assess compliance with the Standards applicable to DIXE at this time.

Based on the information and documentation provided by DIXE, the Audit Team found DIXE to be compliant with four (4) applicable Requirements. The Audit Team determined that twelve (12) Requirements were not applicable to DIXE. The Audit Team also found DIXE not applicable to the WECC Regional Reliability Standards. The Audit Team identified zero New Possible Violation(s).

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; therefore, none were reviewed by the Audit Team.

Audit Process

The compliance audit process steps are detailed 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 DIXE, based on the functions that DIXE 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, DIXE was registered for the function of Distribution Provider. The Audit Team evaluated DIXE for compliance during the period of June 18, 2007 to February 25, 2010.

WECC notified DIXE of the audit on December 22, 2009. WECC informed DIXE 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 DIXE 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. DIXE was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On December 22, 2009, WECC provided the work history for each Audit Team member to DIXE. DIXE 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 DIXE to submit any objections no later than fifteen days prior to the start of the off-site audit. DIXE 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 DIXE.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by DIXE and assessed compliance with requirements of the applicable Reliability Standards. Submittals of information and requests for data were sent to DIXE at least thirty (30) 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 DIXE. 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 Electrical 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

Dixie Escalante is a member-owned rural electric distribution cooperative serving approximately 14,000 consumers located in Iron and Washington counties of Utah and Mohave county of Arizona. Its certificated service territory is approximately 2,000 square miles. Dixie Escalante owns and operates approximately 99 miles of sub-transmission lines, nominally operated at 34.5, 69, or 138 kV, and over 790 miles of distribution lines, operated at 12.47 and 34.5 kV. Dixie Escalante owns and operates 16 substations. The members/consumers of Dixie Escalante have a combined peak load exceeding 101 MW (the actual historical peak for the cooperative was in July 2009,) and energy sold to end-use customers was over 370,000 MWh for the year 2009.

All of Dixie Escalante's power-line facilities and substations are connected in radial fashion between the Bulk Electric System (BES) and its retail consumers, and as such, these facilities are not considered to be part of the BES by NERC criteria. Therefore, Dixie Escalante is not a Transmission Owner by NERC definition.

Audit Participants

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

Audit Team Members

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

DIXE Audit Participants

Title	Company
Chief Operating Officer	DIXE
Substation Tech	DIXE

Audit Results

The Audit Team evaluated DIXE for compliance with sixteen (16) Requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP) covering all applicable registered functions. Additionally zero Requirements in the WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 08, 2007 - February 25, 2010. DIXE submitted information and documentation for the Audit Team's evaluation of compliance with the Requirements. The Audit Team reviewed and evaluated all information provided by DIXE to assess compliance with the Standards applicable to DIXE at this time.

Based on the information and documentation provided by DIXE, the Audit Team found DIXE to be compliant with four (4) applicable Requirements. The Audit Team determined that twelve (12) Requirements were not applicable to DIXE. The Audit Team also found DIXE not applicable to the Requirements in the WECC Regional Reliability Standards. The Audit Team identified zero New Possible Violation(s).

Findings

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

Standard	Req.	Finding
FAC-002-0	R1.	Compliant
PRC-004-1	R1.	Not Applicable
PRC-004-1	R2.	Not Applicable
PRC-005-1	R1.	Not Applicable
PRC-005-1	R2.	Not Applicable

Standard	Req.	Finding
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
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

Compliance Culture

DIXE's compliance culture was not reviewed by the Audit Team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for DIXE'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 DIXE on April 02, 2010 for review and comment. On April 05, 2010 DIXE provided one comment. The Entity Comment Form on file in the WECC Compliance Department provides and record of the comment and WECC's consideration of them for inclusion in this final report.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on June 8, 2010.