



**Compliance Audit Report  
Public Version**

**Hermiston Generating Co., L.P.**  
NCR05181

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

**Date of Audit: August 16, 2010**

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## Executive Summary

The Western Electricity Coordinating Council (WECC) performed a compliance audit of Hermiston Generating Co., L.P. (HERM) NERC ID NCR05181 on August 16, 2010. At the time of the audit, HERM was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Generator Operator (GOP)

Generator Owner (GO)

The Audit Team evaluated HERM for compliance with ninety (90) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally two (2) requirements in the WECC Regional Reliability Standards were audited. The Audit Team assessed compliance with the NERC Reliability Standards for the period of June 18, 2007 through August 16, 2010. HERM submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by HERM to assess compliance with standards applicable to HERM at this time.

Based on the information and documentation provided by HERM, the Audit Team found HERM to be compliant with thirty-six (36) applicable requirements. The Audit Team determined that fifty-three (53) requirements were not applicable to HERM. HERM had one (1) Outstanding Violation. The Audit Team also found HERM compliant with two (2) requirements in the WECC Regional Reliability Standards audited. The Audit Team identified no New Possible Violations.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the Audit Team's findings of applicability and compliance for the NERC Reliability Standards, and Applicable Regional Reliability Standards, within the scope of the compliance audit.

There was an ongoing mitigation plan reviewed by the Audit Team for PRC-005-1, Requirement 2, Transmission and Generation Protection System Maintenance and Testing.

The WECC Audit Team lead certifies that the Audit Team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).

<http://www.nerc.com/filez/enforcement/index.html>

## 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 HERM, based on the functions that HERM 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, HERM was registered for the functions Generator Operator (GOP) and Generator Owner (GO). The Audit Team evaluated HERM for compliance during the period of June 18, 2007 to August 16, 2010.

WECC notified HERM of the audit on June 11, 2010. WECC informed HERM 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 HERM 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. HERM was informed of WECC's obligations and responsibilities under the Delegation

Agreement and Rules of Procedure. On June 11, 2010, WECC provided the work history for each Audit Team member to HERM. HERM 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 HERM to submit any objections no later than fifteen days prior to the start of the audit. HERM 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 HERM.

## **Methodology**

The Audit Team reviewed the information, data, and evidence submitted by HERM and assessed compliance with requirements of the applicable Reliability Standards. Submittals of information and requests for data were sent to HERM 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 of 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 HERM. 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**

Hermiston Generating Co., L.P. is a Generator Owner /Operator of a 2 unit 480 MW combined cycle power plant located in Hermiston, Oregon. Hermiston Generating Company is a subsidiary of Perennial Power Holdings, Inc.

## Audit Participants

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

### Audit Team Members

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Audit Team Lead	Senior Compliance Engineer	WECC
Member	Consultant	WECC

### HERM Audit Participants

<b>Title</b>	<b>Company</b>
Plant Engineer	HERM
Lead Operations Maint. Tech	HERM
Operations and Maint. Manager	HERM

## Audit Results

The Audit Team evaluated HERM for compliance with ninety (90) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally two (2) requirements in the WECC Regional Reliability Standards were audited. The Audit Team assessed compliance with the NERC Reliability Standards for the period of June 18, 2007 through August 16, 2010. HERM submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by HERM to assess compliance with standards applicable to HERM at this time.

Based on the information and documentation provided by HERM, the Audit Team found HERM to be compliant with thirty-six (36) applicable requirements. The Audit Team determined that fifty-three (53) requirements were not applicable to HERM. HERM had one (1) Outstanding Violation. The Audit Team also found HERM compliant with two (2) requirements in the WECC Regional Reliability Standards audited. The Audit Team identified no New Possible Violation(s).

## Findings

The following table details the findings for compliance for the 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.

<b>Standard</b>	<b>Req.</b>	<b>Finding</b>
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
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	R3.	N/A
IRO-001-1.1	R7.	N/A
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	R9.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
IRO-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	N/A

<b>Standard</b>	<b>Req.</b>	<b>Finding</b>
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	R17.	N/A
NUC-001-2	R1.	N/A
NUC-001-2	R2.	N/A
NUC-001-2	R3.	N/A
NUC-001-2	R4.	N/A
NUC-001-2	R5.	N/A
NUC-001-2	R6.	N/A
NUC-001-2	R7.	N/A
NUC-001-2	R8.	N/A
NUC-001-2	R9.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	N/A
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	OV
PRC-017-0	R1.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	N/A
TOP-001-1	R5.	N/A
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	N/A
TOP-002-2a	R1.	N/A
TOP-002-2a	R2.	N/A
TOP-002-2a	R3.	Compliant
TOP-002-2a	R4.	N/A
TOP-002-2a	R5.	N/A
TOP-002-2a	R6.	N/A
TOP-002-2a	R11.	N/A
TOP-002-2a	R13.	Compliant
TOP-002-2a	R14.	Compliant

<b>Standard</b>	<b>Req.</b>	<b>Finding</b>
TOP-002-2a	R15.	Compliant
TOP-002-2a	R16.	N/A
TOP-002-2a	R17.	N/A
TOP-002-2a	R18.	Compliant
TOP-002-2a	R19.	N/A
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
VAR-002-1.1a	R1.	Compliant
VAR-002-1.1a	R2.	Compliant
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant
VAR-STD-002a-1	WR1.	Compliant
VAR-STD-002b-1	WR1.	Compliant

## **Compliance Culture**

HERM'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 HERM'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 HERM on September 03, 2010 for review and comment. However, HERM provided no comments.

## **Management Approval**

This report was reviewed and approved by WECC Director of Compliance Audits and Investigations on October 14, 2010.