



**Compliance Audit Report  
Public Version**

**Public Utility District No. 1 of Skamania County  
NCR05341**

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

**Date of Audit: February 24, 2010**

## TABLE OF CONTENTS

<b>Executive Summary .....</b>	<b>3</b>
<b>Audit Process .....</b>	<b>3</b>
<b>Objectives.....</b>	<b>3</b>
<b>Scope .....</b>	<b>4</b>
<b>Confidentiality and Conflicts of Interest.....</b>	<b>4</b>
<b>Methodology.....</b>	<b>5</b>
<b>Company Profile .....</b>	<b>5</b>
<b>Audit Participants .....</b>	<b>5</b>
<b>Audit Results .....</b>	<b>6</b>
<b>Findings.....</b>	<b>6</b>
<b>Compliance Culture .....</b>	<b>8</b>
<b>Exit Briefing.....</b>	<b>8</b>

## **Executive Summary**

The Western Electricity Coordinating Council (WECC) performed an Off-site compliance audit of Public Utility District No. 1 of Skamania County (SKPD) NERC ID NCR05341 on February 24, 2010. At the time of the audit, SKPD was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Distribution Provider (DP)

Load Serving Entity (LSE)

The Audit Team evaluated SKPD for compliance with 68 requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally 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 February 24, 2010. SKPD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by SKPD to assess compliance with standards applicable to SKPD at this time.

Based on the information and documentation provided by SKPD, the Audit Team found SKPD to be compliant with 12 applicable requirements. The Audit Team determined that 56 NERC Requirements were not applicable to SKPD. The audit team also found the one requirement in the WECC Regional Reliability Standards was not applicable. The Audit Team identified zero New Possible Violations.

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

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

## **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, SKPD was registered for the functions Distribution Provider and Load Serving Entity. The Audit Team evaluated SKPD for compliance during the period of June 18, 2007 to February 24, 2010.

WECC notified SKPD of the audit on December 22, 2010. WECC informed SKPD 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 off-site audit, the Audit Team reviewed the RSAWs and other documents submitted by SKPD 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. SKPD was informed of WECC's obligations and responsibilities under the agreement and procedures. WECC provided the work history for each Audit Team member to SKPD. SKPD 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 SKPD to submit any objections no later than fifteen days prior to the start of the off-site audit. SKPD 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 SKPD.

## Methodology

The Audit Team reviewed the information, data, and evidence submitted by SKPD and assessed compliance with requirements of the applicable reliability standards. Submittals of information and requests for data were sent to SKPD 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 SKPD. 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

Skamania PUD is a public utility district with a publicly elected Board of Commissioners. The District Manager is the general manager for the PUD. The PUD operates three business lines: one electric system and two water systems. SKPD has five substations which interconnect with the Bonneville Power Administration (BPA). SKPD's BA and TOP is Bonneville Power Administration.

SKPD's is a winter peaking system. System peak load is approximately 35MW. SKPD owns assets for the delivery of energy at 12kV and these assets are not connected at a 100kV or above.

## Audit Participants

The following is a list of WECC Audit Team members and SKPD 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	WECC Consultant	WECC

## SKPD Audit Participants

<b>Title</b>	<b>Company</b>
Project Manager	SKPD
District Manager	SKPD

## Audit Results

The Audit Team evaluated SKPD for compliance with 68 requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally 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 February 24, 2010. SKPD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by SKPD to assess compliance with standards applicable to SKPD at this time.

Based on the information and documentation provided by SKPD, the Audit Team found SKPD to be compliant with 12 applicable requirements. The Audit Team determined that 56 NERC Requirements were not applicable to SKPD. The audit team also found the one requirement in the WECC Regional Reliability Standards was not applicable. The Audit Team identified zero New Possible Violations.

## 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 (C), New Possible Violation (NPV), Not Applicable (NA), Outstanding Violation (OV), Retraction requested, Self-reported Violation, or other appropriate description.

<b>Reliability 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
EOP-002-2	R2.	NA
EOP-002-2	R3.	NA
EOP-002-2	R4.	NA
EOP-002-2	R5.	NA
EOP-002-2	R6.	NA
EOP-002-2	R7.	NA
EOP-002-2	R8.	NA
EOP-002-2	R9.	Compliant

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
FAC-002-0	R1.	Compliant
IRO-001-1.1	R3.	NA
IRO-001-1.1	R7.	NA
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	R9.	NA
IRO-004-1	R1.	NA
IRO-004-1	R2.	NA
IRO-004-1	R3.	NA
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	NA
IRO-004-1	R6.	NA
IRO-004-1	R7.	NA
IRO-005-2	R1.	NA
IRO-005-2	R2.	NA
IRO-005-2	R3.	NA
IRO-005-2	R4.	NA
IRO-005-2	R5.	NA
IRO-005-2	R7.	NA
IRO-005-2	R8.	NA
IRO-005-2	R9.	NA
IRO-005-2	R10.	NA
IRO-005-2	R11.	NA
IRO-005-2	R12.	NA
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	NA
IRO-005-2	R15.	NA
IRO-005-2	R17.	NA
IRO-STD-006-0	WR1.	NA
PRC-004-1	R1.	NA
PRC-004-1	R2.	NA
PRC-005-1	R1.	NA
PRC-005-1	R2.	NA
PRC-008-0	R1.	NA
PRC-008-0	R2.	NA
PRC-017-0	R1.	NA
TOP-001-1	R1.	NA
TOP-001-1	R2.	NA
TOP-001-1	R3.	NA
TOP-001-1	R4.	Compliant
TOP-001-1	R5.	NA
TOP-001-1	R6.	NA

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
TOP-001-1	R7.	NA
TOP-001-1	R8.	NA
TOP-002-2	R1.	NA
TOP-002-2	R2.	NA
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	NA
TOP-002-2	R5.	NA
TOP-002-2	R6.	NA
TOP-002-2	R11.	NA
TOP-002-2	R13.	NA
TOP-002-2	R14.	NA
TOP-002-2	R15.	NA
TOP-002-2	R16.	NA
TOP-002-2	R17.	NA
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	NA

### **Compliance Culture**

SKPD'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 SKPD'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 SKPD on March 17, 2010 for review and comment. However, SKPD provided no comments.

### **Management Approval**

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on May 21, 2010.