



**Compliance Audit Report  
Public Version**

**Tillamook People's Utility District (TPD)  
NCR05427**

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

**Date of Audit: March 11, 2010**

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## Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Tillamook People's Utility District (TPD) NERC ID NCR05427 on March 11, 2010. At the time of the audit, TPD 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 TPD for compliance with seventy (70) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally one (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 11, 2010. TPD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by TPD to assess compliance with requirements applicable to TPD at this time.

Based on the information and documentation provided by TPD, the Audit Team found TPD to be compliant with thirteen (13) applicable requirements. The Audit Team determined that fifty-five (55) requirements were not applicable to TPD. TPD had zero (0) Outstanding Violations. The Audit Team also found TPD compliant with one (1) requirement in the WECC Regional Reliability Standards audited. The Audit Team identified two (2) New Possible Violations. New Possible Violations were identified for PRC-005-1, Transmission and Generation Protection System Maintenance and Testing, requirements R1 and R2. There is a New Possible Violation of R1 for the time period June 18, 2007 to June 30, 2009. There is a New Possible Violation of R2 for the time period June 18, 2007 to October 12, 2009. These New Possible Violations were the result of a misunderstanding between WECC and TPD regarding a TPD self-reported violation that was dismissed by WECC on March 11, 2009.

Any New Possible Violations will be processed through the NERC and WECC CMEP.

There were zero (0) ongoing or recently completed mitigation plans that were reviewed by the Audit Team.

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

## 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 TPD, based on the functions that TPD 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, TPD was registered for the functions Distribution Provider and Load-Serving Entity. The Audit Team evaluated TPD for compliance during the period of June 18, 2007 to March 11, 2010.

WECC notified TPD of the audit on January 05, 2010. WECC informed TPD 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 TPD 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. TPD was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On January 05, 2010, WECC provided the work history for each Audit Team member to TPD. TPD 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 TPD to submit any objections no later than fifteen days prior to the start of the off-site audit. TPD 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 TPD.

## Methodology

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

TPD is a consumer-owned utility serving load in Tillamook County, formed under the laws of the State of Oregon and headquartered in Tillamook, Oregon. The TPD management receives policy direction and oversight from a five person elected Board of Directors and the TPD General Manager reports directly to the Board.

## Audit Participants

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

## TPD Audit Participants

<b>Title</b>	<b>Company</b>
Power Services Manager	TPD
Systems Engineer Supervisor	TPD

## Audit Results

The Audit Team evaluated TPD for compliance with seventy (70) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP) covering all applicable registered functions. Additionally one (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 11, 2010. TPD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by TPD to assess compliance with requirements applicable to TPD at this time.

Based on the information and documentation provided by TPD, the Audit Team found TPD to be compliant with thirteen (13) applicable requirements. The Audit Team determined that fifty-five (55) requirements were not applicable to TPD. TPD had zero (0) Outstanding Violations. The Audit Team also found TPD compliant with one (1) requirement in the WECC Regional Reliability Standards audited. The Audit Team identified two (2) New Possible Violations. New Possible Violations were identified for PRC-005-1, Transmission and Generation Protection System Maintenance and Testing, requirements R1 and R2. There is a New Possible Violation of R1 for the time period June 18, 2007 to June 30, 2009. There is also a New Possible violation of R2 for the time period June 18, 2007 to October 12, 2009.

## 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
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

<b>Standard</b>	<b>Req.</b>	<b>Finding</b>
IRO-005-2	R15.	Not Applicable
IRO-005-2	R16.	Not Applicable
IRO-005-2	R17.	Not Applicable
IRO-STD-006	WR1.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Not Applicable
PRC-005-1	R1.	New Possible Violation
PRC-005-1	R2.	New Possible Violation
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**

TPD stated it does not have an Internal Compliance Program.

## **Exit Briefing**

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for TPD'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 TPD on April 19, 2010 for review and comment. On April 19, 2010, TPD provided comments. The Entity Comment Form on file in the WECC Compliance Department provides and record of these comments and WECC's consideration of them for inclusion in this final report.

**Management Approval**

This report was reviewed and approved by John McGhee, Director of Compliance Audits and Investigations on May 4, 2010.