



**Compliance Audit Report
Public Version**

**Western Area Power Administration - Sierra Nevada
Region Merchant**

NCR05466

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

Date of Audit: April 08, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of Western Area Power Administration - Sierra Nevada Region Merchant (WAMPTD) NERC ID NCR05466 on April 08, 2010. At the time of the audit, WAMPTD was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Purchasing-Selling Entity
Resource Planner

The Audit Team evaluated WAMPTD for compliance with thirty-seven (37) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 – April 08, 2010. WAMPTD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by WAMPTD to assess compliance with standards applicable to WAMPTD at this time.

Based on the information and documentation provided by WAMPTD, the Audit Team found WAMPTD to be compliant with three (3) applicable requirements. The Audit Team determined that thirty-four (34) requirements were not applicable to WAMPTD. WAMPTD had zero Outstanding Violations. 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 New Possible 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 WAMPTD, based on the functions that WAMPTD 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, WAMPTD was registered for the functions of Purchasing-Selling Entity and Resource Planner. The Audit Team evaluated WAMPTD for compliance during the period of June 18, 2007 to April 08, 2010.

WECC notified WAMPTD of the audit on February 01, 2010. WECC informed WAMPTD 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 WAMPTD 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. WAMPTD was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On February 01, 2010, WECC provided the work history for each Audit Team member to WAMPTD. WAMPTD 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 WAMPTD to submit any objections no later than fifteen days prior to the start of the off-site audit. WAMPTD 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 WAMPTD.

Methodology

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

The WAMPTD, a Federal Power Marketing Administration, is one of four regions of Western Area Power Administration. WAMPTD sells power in northern and central California, and portions of Nevada, to wholesale customers such as towns, rural electric cooperatives, public utility and irrigation districts, Federal, State, and military agencies, Native American tribes, investor-owned utilities, power marketers, and Bureau of Reclamation customers. The Merchant function of Western's WAMPTD office consists of two groups: Resources and Pre-scheduling, and Real Time. Both Merchant groups report to the Power Marketing Manager, who reports to the Regional Manager. The Merchant function does not own or operate any transmission or generation facilities. WAMPTD had 2009 summer peak was 1,401 MW.

Audit Participants

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

Audit Team Members

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

WAMPTD Audit Participants

Title	Company
Operations, Transmission & Compliance Advisor	WAMPTD

Audit Results

The Audit Team evaluated WAMPTD for compliance with thirty-seven (37) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP) covering all applicable registered functions. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 – April 08, 2010. WAMPTD submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by WAMPTD to assess compliance with standards applicable to WAMPTD at this time.

Based on the information and documentation provided by WAMPTD, the Audit Team found WAMPTD to be compliant with three (3) applicable requirements. The Audit Team determined that thirty-four (34) requirements were not applicable to WAMPTD. WAMPTD had zero Outstanding Violations. The Audit Team identified zero (0) New Possible Violations.

Findings

The following table details the findings for the 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.

Reliability Standard	Req.	Finding
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-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
IRO-005-2	R15.	Not Applicable
IRO-005-2	R16.	Not Applicable
IRO-005-2	R17.	Not Applicable
NUC-002-2	R1.	Not Applicable
NUC-002-2	R2.	Not Applicable
NUC-002-2	R3.	Not Applicable
NUC-002-2	R4.	Not Applicable
NUC-002-2	R5.	Not Applicable
NUC-002-2	R6.	Not Applicable
NUC-002-2	R7.	Not Applicable
NUC-002-2	R8.	Not Applicable
NUC-002-2	R9.	Not Applicable
VAR-001-1	R1.	Not Applicable
VAR-001-1	R2.	Not Applicable
VAR-001-1	R5.	Compliant
VAR-001-1	R7.	Not Applicable
VAR-001-1	R8.	Not Applicable
VAR-001-1	R9.	Not Applicable
VAR-001-1	R10.	Not Applicable
VAR-001-1	R12.	Not Applicable

Compliance Culture

WAMPTD'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 WAMPTD'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 WAMPTD on August 24, 2010 for review and comment. However, WAMPTD provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on September 24, 2010.