



Compliance Audit Report Public Version

**Burney Forest Products, A Joint Venture
NERC ID# NCR05039**

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

Date of Audit: January 12, 2011

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Executive Summary

A compliance audit of Burney Forest Products, A Joint Venture (“BFP”), NERC ID # - NCR05039 was conducted on January 12, 2011. At the time of the audit, BFP was registered for the Generation Owner (“GO”) function.

The audit team evaluated BFP for compliance with nineteen (19) FERC Order 693 requirements as directed by the NERC Compliance Monitoring and Enforcement Program (“CMEP”) – 2011 Implementation Plan. The evaluation was for the period of June 18, 2007 through January 12, 2011.

BFP 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 BFP to assess compliance with standards applicable to BFP at this time. Based on the information and documentation provided by BFP, the audit team determined the following findings for BFP, summarized in the table below:

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	8	11	0	0	19
WECC Regional Standard Requirements	-	-	-	-	-
Total	8	11	0	0	19

*Open Enforcement Action (see the “Finding” section below for further details).

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 WECC Regional Reliability Standards, within the scope of the compliance audit. Any 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.

The WECC audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (“ROP”) and CMEP.¹

¹ This statement replaces the Regional Entity Self-Certification process.

Audit Process

The compliance audit process steps are detailed in the WECC CMEP. The WECC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All Registered Entities are subject to an audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.² The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to BFP, based on the functions that BFP is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2011 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by WECC;
- Validate compliance with applicable regional standards from the WECC 2011 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document BFP's compliance program and culture; and
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the WECC 2011 Implementation Plan. In addition, this audit included a review of 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, BFP was registered for the function of GO. The audit team evaluated BFP for compliance during the period of June 18, 2007 to January 12, 2011.

Confidentiality and Conflict 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 ROP. BFP was

² North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to BFP. BFP was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. BFP had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by BFP.

Methodology

The audit team reviewed the information, data, and evidence submitted by BFP and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to WECC twenty-one (21) days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. After that date, only data or information which was relevant to the content of the report or its finding 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 BFP. Data, information, and evidence submitted in the form of policies, procedures, e-mails, logs, studies, data sheets, etc. which were 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 their professional judgment. All findings were developed based upon the consensus of the audit team.

Company Profile

Operating since 1990, BFP is an approximate 29-megawatt wood-fueled biomass facility near Burney, California that sells all of its electrical capacity and energy to Pacific Gas & Electric (PG&E) under a long term contract until 2020. BFP is joint venture project that generates at 13.8 kV and steps up to 235 kV on the high side of the transformer before the single point of interconnection with PG&E.

Audit Participants

The following is a listing of all personnel from the Audit Team and BFP who were present during the meetings or interviews.

WECC Audit Team Participants

Role	Title	Entity
Audit Team Lead	Compliance Engineer	WECC
Team Member	Sr. Compliance Engineer	WECC

BFP Audit Participants

Title	Entity
Plant Manager	BFP
NERC Manager	BFP
Operations Analyst	NAES Corporation
Maintenance Supervisor	BFP
Project General Manager	BFP

Audit Results

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Findings

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

No Finding (“NF”): The audit team did not discover areas of non-compliance based on the evidence presented by the Registered Entity and reviewed by the audit team.

Possible Violation (“PV”): - The audit team discovered areas of possible non-compliance based on the evidence presented by the Registered Entity and reviewed by the audit team.

Not Applicable (“NA”): -

- The Requirement does not apply to the Registered Entity based on the entity’s registered functions.
- The requirement applies to the Registered Entity based on their functional registration, but the entity does not possess the system(s) referenced in the requirement.

Open Enforcement Action (“OEA”): At the time of the audit the Registered Entity had an open action item regarding the requirement.

Reliability Standard	Req.	Finding
FAC-008-1	R1.	No Finding
FAC-008-1	R2.	No Finding
FAC-009-1	R1.	No Finding

FAC-009-1	R2.	No Finding
IRO-004-1	R1.	Not Applicable
IRO-004-1	R2.	Not Applicable
IRO-004-1	R3.	Not Applicable
IRO-004-1	R4.	No Finding
IRO-004-1	R5.	Not Applicable
IRO-004-1	R6.	Not Applicable
IRO-004-1	R7.	Not Applicable
PRC-004-1	R1.	Not Applicable
PRC-004-1	R2.	No Finding
PRC-005-1	R1.	No Finding
PRC-005-1	R2.	No Finding
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-023-1	R1.	Not Applicable
PRC-023-1	R2.	Not Applicable

Compliance Culture

BFP compliance culture was not reviewed in detail by the audit team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for BFP'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 BFP on February 10, 2011 for review and comment. However, BFP provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on March 27, 2011.