



**Compliance Audit Report
Public Version
FERC Order 693**

**PUD No. 1 of Douglas County
NERC ID# NCR05343**

Confidential Information – Has Been Removed

Date of Audit: July 11 – 22, 2011

TABLE OF CONTENTS

Executive Summary	3
Audit Process.....	4
<i>Objectives</i>	4
<i>Scope</i>	4
<i>Confidentiality and Conflict of Interest</i>	4
<i>Methodology</i>	5
<i>Company Profile</i>	5
<i>Audit Participants</i>	6
Audit Results.....	7
<i>Findings</i>	7
<i>Compliance Culture</i>	11

Executive Summary

A compliance audit of PUD No. 1 of Douglas County (“DOPD”), NERC ID # - NCR05343 was conducted from July 11 – 22, 2011. At the time of the audit, DOPD was registered for the Balancing Authority (“BA”), Distribution Provider (“DP”), Generator Owner (“GO”), Generator Operator (“GOP”), Load-Serving Entity (“LSE”), Purchasing-Selling Entity (“PSE”), Resource Planner (“RP”), Transmission Owner (“TO”), Transmission Operator (“TOP”), Transmission Planner (“TP”) functions.

The audit team evaluated DOPD for compliance with one hundred and thirty-four (134) Reliability standard requirements, which included one hundred and twenty-five (125) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”) and nine (9) of the WECC Regional Reliability Standards requirements. The evaluation was for the period of August 23, 2008 – July 22, 2011.

DOPD submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by DOPD to assess compliance with standards applicable to DOPD at this time. Based on the information and documentation provided by DOPD, the audit team determined the following findings for DOPD, summarized in the table below:

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	74	51	0	0	125
WECC Regional Standard Requirements	6	3	0	0	9
Total	80	54	0	0	134

* Open Enforcement Action (see Findings section below for detailed explanation).

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 and 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 DOPD, based on the functions that DOPD 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 DOPD'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, DOPD was registered for the functions of BA, DP, GO, GOP, LSE, PSE, RP, TO, TOP, TP. The audit team evaluated DOPD for compliance during the period of August 23, 2008 – July 22, 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. DOPD was informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to DOPD. DOPD 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. DOPD had not submitted any objections by the stated fifteen day

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

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 DOPD.

Methodology

The audit team reviewed the information, data, and evidence submitted by DOPD and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to WECC twenty (20) 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 DOPD. 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

DOPD is a municipal corporation in the state of Washington, governed by three elected commissioners. DOPD is managed by a General Manager who reports to the commission. DOPD has two Assistant Managers and several department heads who report to the General Manager.

DOPD's Balancing Authority (BA) area is effectively within the boundaries of the Douglas and Okanogan counties of Washington State, bordered by Canada on the north and the Cascade Mountains on the West, then straddling the Columbia River as it extends south through the center of the state. These two counties occupy about 10% of the land area of the state but have only about 1.2% of the state's population; a mostly rural area. Due to the arid climate, most of the vegetation is low-lying shrubs.

The BES portions of DOPD's BA area are its 230 kV and 115 kV facilities, including 83 miles of 230 kV transmission lines (two lines at 41.5 miles each) and 138 miles of 115 kV lines. The BA area's non-BES distribution system tie lines consist of 15 miles of 34.5 kV, 562 miles of 24.9 kV, and 2738 miles of 13.8 kV lines. In the BA area there is one 230 kV substation, 30 Douglas and Okanogan 115 kV substations, and two Douglas 34.5kV substations.

There are seven synchronous interties that define the DOPD BA area. Six are with Bonneville Power Administration (BPA) at: Sickler (230 kV), East Omak (230 kV), Valhalla (115 kV), Omak

(115kV), Okanogan (115 kV), and Nine Canyon Wind Farm (115 kV telemetered pseudo-tie); there is one with Chelan PUD (CHPD) at Rocky Reach (230kV), and telemetered pseudo-tie with Grant PUD (GCPD) for Mid-Columbia Hourly Coordination functionality. There are no non-synchronous interties in the DOPD BA area. DOPD's BA all-time area peak load was recorded on December 20, 2008 at 382 MW. DOPD is a winter peaking BA. DOPD owns and operates 230 kV facilities and 115 kV distribution tie-line facilities for the delivery of energy. Specifically, DOPD owns and operates 14 substations that are connected at 100kV and above.

DOPD's fuel mix consists of hydro, wind, and contracted firm power. DOPD is currently a net exporter. DOPD owns and operates the Wells Hydroelectric Project on the Columbia River. It has a nameplate rating of 774.3 MW and a useable capacity of 840 MW. DOPD retains a 38% pre-project obligation share of the project for its BA use and has long-term contracts with other entities for the remainder. Power and energy are delivered from the Wells Project at 230 kV. DOPD has long-term contract rights for a 2.77% (about 35 Mw) share of the Rock Reach Project owned and operated by CHPD and a 10.23% (about 10 MW) share of the Nine Canyon Wind Farm owned by Energy Northwest.

Audit Participants

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

Audit Team Participants

Role	Title	Entity
Audit Team Lead	Senior Compliance Engineer	WECC
Team Member	Senior Compliance Engineer	WECC
Team Member	Senior Compliance Engineer	WECC
Team Member	Compliance Auditor	WECC
Team Member	Consultant	WECC
Team Member	Consultant	WECC
Documentation	Compliance Program Coordinator	WECC

DOPD Audit Participants

Title	Entity
Property Supervisor	DOPD
System Operator	DOPD
Electrical Engineer	DOPD
Compliance Specialist	DOPD
Power Operations Superintendent	DOPD
Assistant Manager & Wells Project Chief Engineer	DOPD
System Operator	DOPD
Chief System Operator	DOPD
Project Electrical Engineer	DOPD

Audit Results

The audit team evaluated DOPD for compliance with one hundred and thirty-four (134) Reliability standard requirements, which included one hundred and twenty-five (125) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”) and nine (9) of the WECC Regional Reliability Standards requirements. The evaluation was for the period of August 23, 2008 – July 22, 2011.

DOPD submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by DOPD to assess compliance with standards applicable to DOPD at this time. Based on the information and documentation provided by DOPD, the audit team determined the following findings for DOPD, summarized in the table below:

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	74	51	0	0	125
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Total	80	54	0	0	134

* Open Enforcement Action (see Findings section below for detailed explanation).

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 and therefore none were reviewed by the Audit Team.

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. Such items may include, but not limited to, open mitigation plans, self-reports, or settlement agreements.

Reliability Standard	Req.	Finding
BAL-004-WECC-1	R1.	No Finding
BAL-004-WECC-1	R2.	No Finding
BAL-004-WECC-1	R3.	No Finding
BAL-004-WECC-1	R4.	No Finding
CIP-001-1	R1.	No Finding
CIP-001-1	R2.	No Finding
CIP-001-1	R3.	No Finding
CIP-001-1	R4.	No Finding
COM-001-1.1	R1.	No Finding
COM-001-1.1	R2.	No Finding
COM-001-1.1	R3.	No Finding
COM-001-1.1	R4.	No Finding
COM-001-1.1	R5.	No Finding
COM-001-1.1	R6.	Not Applicable
COM-002-2	R1.	No Finding
COM-002-2	R2.	No Finding
EOP-001-0	R2.	No Finding
EOP-001-0	R3.	No Finding
EOP-001-0	R5.	No Finding
EOP-002-2	R7.	No Finding
EOP-002-2	R8.	Not Applicable
EOP-003-1	R2.	No Finding
EOP-003-1	R3.	No Finding
EOP-003-1	R4.	No Finding
EOP-003-1	R8.	No Finding
EOP-005-1	R1.	No Finding
EOP-005-1	R2.	No Finding
EOP-005-1	R3.	No Finding
EOP-005-1	R4.	No Finding
EOP-005-1	R5.	No Finding
EOP-005-1	R6.	No Finding
EOP-005-1	R7.	No Finding
EOP-005-1	R9.	No Finding
EOP-005-1	R10.	No Finding
EOP-008-0	R1.	No Finding
FAC-003-1	R1.	No Finding

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FAC-003-1	R2.	No 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.	No Finding
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	R6.	Not Applicable
IRO-005-2	R7.	Not Applicable
IRO-005-2	R8.	No Finding
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.	No Finding
IRO-005-2	R14.	Not Applicable
IRO-005-2	R15.	Not Applicable
IRO-005-2	R16.	Not Applicable
IRO-005-2	R17.	Not Applicable
MOD-001-1	R1.	Not Applicable
MOD-001-1	R2.	Not Applicable
MOD-001-1	R3.	Not Applicable
MOD-001-1	R4.	Not Applicable
MOD-001-1	R5.	Not Applicable
MOD-001-1	R6.	Not Applicable
MOD-001-1	R7.	Not Applicable
MOD-001-1	R8.	Not Applicable
MOD-001-1	R9.	Not Applicable
MOD-004-1	R1.	Not Applicable
MOD-004-1	R2.	Not Applicable

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MOD-004-1	R3.	Not Applicable
MOD-004-1	R4.	Not Applicable
MOD-004-1	R5.	Not Applicable
MOD-004-1	R6.	Not Applicable
MOD-004-1	R7.	Not Applicable
MOD-004-1	R8.	Not Applicable
MOD-004-1	R9.	Not Applicable
MOD-004-1	R10.	Not Applicable
MOD-004-1	R11.	No Finding
MOD-004-1	R12.	Not Applicable
MOD-008-1	R1.	Not Applicable
MOD-008-1	R2.	Not Applicable
MOD-008-1	R3.	Not Applicable
MOD-008-1	R4.	Not Applicable
MOD-008-1	R5.	Not Applicable
PER-002-0	R1.	No Finding
PER-002-0	R2.	No Finding
PER-002-0	R3.	No Finding
PER-002-0	R4.	No Finding
PRC-001-1	R1.	No Finding
PRC-001-1	R2.	No Finding
PRC-001-1	R3.	No Finding
PRC-001-1	R4.	No Finding
PRC-001-1	R5.	No Finding
PRC-001-1	R6.	No Finding
PRC-004-1	R1.	No Finding
PRC-004-1	R2.	No Finding
PRC-005-1	R1.	No Finding
PRC-005-1	R2.	No Finding
PRC-008-0	R1.	No Finding
PRC-008-0	R2.	No Finding
PRC-011-0	R1.	Not Applicable
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-023-1	R1.	No Finding
PRC-023-1	R2.	No Finding
PRC-STD-003-0	WR1.	Not Applicable
PRC-STD-005-1	WR1.	Not Applicable
TOP-002-2a	R3.	No Finding
TOP-002-2a	R6.	No Finding

TOP-002-2a	R11.	No Finding
TOP-002-2a	R18.	No Finding
TOP-004-2	R6.	No Finding
TOP-STD-007-0	WR1.	Not Applicable
TPL-002-0	R1.	No Finding
TPL-002-0	R2.	No Finding
TPL-003-0	R1.	No Finding
VAR-001-1	R1.	No Finding
VAR-001-1	R2.	No Finding
VAR-001-1	R3.	No Finding
VAR-001-1	R4.	No Finding
VAR-001-1	R6.	No Finding
VAR-001-1	R9.	No Finding
VAR-002-1.1b	R1.	No Finding
VAR-002-1.1b	R2.	No Finding
VAR-002-1.1b	R3.	No Finding
VAR-STD-002a-1	WR1.	No Finding
VAR-STD-002b-1	WR1.	No Finding

Compliance Culture

DOPD compliance culture was reviewed by the audit team.

Additional information pertaining to the compliance culture of DOPD can found in the Internal Compliance Survey.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for DOPD’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 DOPD on August 25, 2011 for review and comment. On September 2, 2011, DOPD provided comments. The Entity Comment Form on file in the WECC Compliance Department provides 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, WECC Director of Compliance Audits and Investigations on September 27th, 2011.