



# **Compliance Audit Report Public Version**

**Empire Electric Association, Inc.  
NERC ID# NCR05147**

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

**Date of Audit: December 16, 2010**

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## **Executive Summary**

A compliance audit of Empire Electric Association, Inc. (“EEA”), NERC ID # - NCR05147 was conducted on December 16, 2010. At the time of the audit, EEA was registered for the Distribution Provider (“DP”) functions.

The audit team evaluated EEA for compliance with 25 requirements, which were all requirements as directed by the 2010 NERC Compliance Monitoring and Enforcement Program (“CMEP”) for the period of June 18, 2007 to December 16, 2010. EEA submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by EEA to assess compliance with standards applicable to EEA at this time.

Based on the information and documentation provided by EEA, the audit team found EEA to have no findings of non-compliance with 07 applicable requirements of the NERC Reliability Standards. The audit team determined that 18 requirements were not applicable to EEA. The audit team identified no Possible Violations. At the time of the audit, EEA had no Open Enforcement Actions.

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 not 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.<sup>1</sup>

## **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.

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<sup>1</sup> This statement replaces the Regional Entity Self-Certification process.

## **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.<sup>2</sup> The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to EEA, based on the functions that EEA is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2010 Implementation Plan list of actively monitored standards, and additional NERC 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;
- Observe and document EEA'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 2010 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, EEA was registered for the functions of DP. The audit team evaluated EEA for compliance during the period of June 18, 2007 to December 16, 2010.

## **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 Rules of Procedure. EEA was informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to EEA. EEA 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. EEA 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 EEA.

## **Methodology**

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<sup>2</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

The audit team reviewed the information, data, and evidence submitted by EEA and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to WECC 17 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 EEA. 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 Electrical 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**

Empire Electric Association, Inc. (EEA) serves the southwestern corner of Colorado and an area north and south of Monticello Utah. Empire owns a 115 kV transmission system, a 44 kV sub-transmission system and operates distribution systems at 12.5 and 4.16 kV. EEA has 247 miles of transmission and sub-transmission lines and 1620 miles of distribution lines. Empire is interconnected at 115 kV with Tri-State Generation and Transmission, Inc. at their Cahone and Lost Canyon Substations. EEA generally peaks in the winter with a peak load of about 80 MW.

## **Audit Participants**

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

### **Audit Team Participants**

<b>Role</b>	<b>Title</b>	<b>Entity</b>
Audit Team Lead	Senior Compliance Engineer	WECC
Team Member	Compliance Engineer	WECC

### EEA Audit Participants

Title	Entity
Engineering Manager	EEA
Operations Manager	EEA
General Manager	EEA
System Technician Supervisor	EEA
Company Attorney	EEA

### Audit Results

The audit team evaluated EEA for compliance with 25 requirements, which were all requirements as directed by the 2010 NERC Compliance Monitoring and Enforcement Program (“CMEP”) for the period of June 18, 2007 to December 16, 2010. EEA submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by EEA to assess compliance with standards applicable to EEA at this time.

Based on the information and documentation provided by EEA, the audit team found EEA to have no findings of non-compliance with 07 applicable requirements of the NERC Reliability Standards. The audit team determined that 18 requirements were not applicable to EEA. The audit team identified no Possible Violations. At the time of the audit, EEA had no Open Enforcement Actions.

### 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.

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
FAC-002-0	R1.	No Finding
NUC-001-2	R1.	Not Applicable
NUC-001-2	R2.	Not Applicable
NUC-001-2	R3.	Not Applicable
NUC-001-2	R4.	Not Applicable
NUC-001-2	R5.	Not Applicable
NUC-001-2	R6.	Not Applicable
NUC-001-2	R7.	Not Applicable
NUC-001-2	R8.	Not Applicable
NUC-001-2	R9.	Not Applicable
PRC-004-1	R1.	No Finding
PRC-004-1	R2.	Not Applicable
PRC-008-0	R1.	No Finding
PRC-005-1	R1.	No Finding
PRC-005-1	R2.	No Finding
PRC-008-0	R2.	No Finding
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.	No Finding
TOP-001-1	R5.	Not Applicable
TOP-001-1	R6.	Not Applicable
TOP-001-1	R7.	Not Applicable
TOP-001-1	R8.	Not Applicable

### **Compliance Culture**

EEA compliance culture was not reviewed by the audit team.

### **Exit Briefing**

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for EEA'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 EEA on January 6, 2011 for review and comment. On January 11, 2011, EEA 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 January 25, 2011.