



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

**High West Energy, Inc.
NERC ID# NCR05186**

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

Date of Audit: July 27, 2011

TABLE OF CONTENTS

Executive Summary	3
<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>	5
Audit Results	6
<i>Findings</i>	6
<i>Compliance Culture</i>	7

Executive Summary

A compliance audit of High West Energy, Inc. (“HWE”), NERC ID # - NCR05186 was conducted on July 27, 2011. At the time of the audit, HWE was registered for the Distribution Provider (“DP”) function.

The audit team evaluated HWE for compliance with ten (10) Reliability standard requirements, which included ten (10) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”). The evaluation was for the period of June 18, 2007 through July 27, 2011

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

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	-	10	-	-	10
Total	-	10	-	-	10

* 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.

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 HWE, based on the functions that HWE 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;
- 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, HWE was registered for the functions of DP. The audit team evaluated HWE for compliance during the period of June 18, 2007 to July 27, 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. HWE was informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to HWE. HWE 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. HWE 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 HWE.

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

Methodology

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

In July of 1999, Rural Electric Company changed its name to High West Energy to reflect their expanded programs and services. Today, High West Energy serves Laramie and Albany counties in Wyoming, Weld and Logan Counties in Colorado and Cheyenne, Kimball and Banner Counties in Nebraska.

The cooperative is governed by seven directors and a general manager.

High West Energy has 6 substations that are connected at 100 KV or greater. All 6 are fed radial from a BES line. All 6 only have protection systems associated similar with the example as defined in WECC Compliance Bulletin issued April 15, 2011 and are therefore not applicable to PRC-004-1 and PRC-005-1. All remaining High West Energy substations are connected at less than 100 KV. Two of the six are controlled by fuses. High West Energy has no generation.

Audit Participants

The following is a listing of all personnel which 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
Documentation	Compliance Program Coordinator	WECC

HWE Audit Participants

Title	Entity
Director of Engineering	HWE

Audit Results

The audit team evaluated HWE for compliance with ten (10) Reliability standard requirements, which included ten (10) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”). The evaluation was for the period of June 18, 2007 through July 27, 2011

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

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	-	10	-	-	10
Total	-	10	-	-	10

* 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
PRC-004-1	R1.	Not Applicable
PRC-004-1	R2.	Not Applicable
PRC-005-1	R1.	Not Applicable
PRC-005-1	R2.	Not Applicable
PRC-008-0	R1.	Not Applicable
PRC-008-0	R2.	Not Applicable
PRC-011-0	R1.	Not Applicable
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-023-1	R1.	Not Applicable

Compliance Culture

HWE compliance culture was not reviewed by the audit team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for HWE'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 HWE on August 8, 2011 for review and comment. However, HWE provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on October 14, 2011.