



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

**Mohave Electric Cooperative, Inc.
NERC ID# NCR05245**

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

Date of Audit: February 24, 2011

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Executive Summary

A compliance audit of Mohave Electric Cooperative, Inc. (“MHEC”), NERC ID # - NCR#06245 was conducted on February 24, 2011. At the time of the audit, MHEC was registered for the Distribution Provider (“DP”) and Load Serving Entity (“LSE”) functions.

The audit team evaluated MHEC for compliance with forty-three (43) Reliability standards, which included forty-three (43) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”) and zero (0) of the WECC Regional Reliability Standards requirements. The evaluation was for the period of June 18, 2007 to February 24, 2011.

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

Standards	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standards	8	35	0	0	43
WECC Regional Standards	0	0	0	0	0
Total	9	35	0	0	43

* 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 not 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 MHEC, based on the functions that MHEC 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 MHEC'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, MHEC was registered for the functions of Distribution Provider ("DP") and Load Serving Entity ("LSE"). The audit team evaluated MHEC for compliance during the period of June 18, 2007 to February 24, 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 Rules of Procedure.

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

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

Methodology

The audit team reviewed the information, data, and evidence submitted by MHEC and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to WECC thirty (30) 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 MHEC. 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

Mohave Electric Cooperative, Inc. ("MHEC") is non-profit member-owned rural electric cooperative located in northwest Arizona. MHEC serves customers (38,500 meters) in the communities of Bullhead City, Fort Mohave, Mohave Valley, Wikiup, Hackberry, and Peach Springs. MHEC has just over 80 employees and owns and operates 1,445 miles of distribution lines (69 kV and 24.9 kV) with a service area of nearly 1,300 square

miles. MHEC is normally a summer peaking electric entity with a peak load of 207 MW in July, 2007.

Audit Participants

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

Audit Team Participants

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

MHEC Audit Participants

Title	Entity
Chief Operating Officer	MHEC

Audit Results

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Findings

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

No Finding: The audit team did not identify areas of non-compliance based on the evidence presented by the MHEC and reviewed by the audit team.

Not Applicable:

- The Requirement does not apply to the MHEC based on the MHEC's registered functions.
- The Requirement applies to the MHEC based on its functional registration but the MHEC does not possess the system(s) referenced in the Requirement.

Standard	Req.	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
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
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.	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.	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
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
PRC-023-1	R2.	Not Applicable
TOP-002-2a	R3.	No Finding
TOP-002-2a	R6.	Not Applicable
TOP-002-2a	R11.	Not Applicable
TOP-002-2a	R18.	No Finding

Compliance Culture

MHEC 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 MHEC'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 MHEC on March 16, 2011 for review and comment. However, MHEC provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on March 30, 2011.