

NCR ID:	NCR05182		
Registered Entity Name:	Hetch Hetchy Water and Power		
Registered Entity Acronym:	HHWP		
Reliability Standards Scope:	Operation & Planning and Critical Infrastructure Protection		
Compliance Monitoring Process:	Compliance Audit		
Distribution:	Public Version. Confidential Information Has Been Removed, Including Privileged and Critical Energy Infrastructure Information.		
Regional Entity:	Western Electricity Coordinating Council (WECC)		
Date of Opening Presentation:	August 10, 2020	Date of Closing Presentation:	August 21, 2020
Date of Report:	December 1, 2020	IP Year:	2020
Potential Noncompliance:	None (zero)		
Jurisdiction:	United States		

Date of 2020 Compliance Audit: August 10, 2020 – August 21, 2020

Date of Report: December 1, 2020

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Executive Summary

WECC conducted an Operation & Planning and Critical Infrastructure Protection Compliance Audit of Hetch Hetchy Water and Power (HHWP), NCR05182 from August 10, 2020 to August 21, 2020.

At the time of the Compliance Audit, HHWP was registered for the functions of Generator Operator (GOP), Generator Owner (GO), Transmission Operator (TOP), Transmission Owner (TO), Transmission Planner (TP).

Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP), and Planning Authority (PA) (TP), for HHWP are as follows, respectively (RC) RC West, (BA) CA ISO, (TOP) HHWP, (PA) CA ISO.

The Compliance Audit team (team) evaluated HHWP for compliance with seven (7) Operations and Planning requirements for the 2020 Electric Reliability Organization (ERO) Enterprise Compliance Monitoring and Enforcement Program (CMEP). The team assessed compliance with the NERC Reliability Standards (and Regional Reliability Standards if applicable) for the period of May 10, 2017 to May 11, 2020.

HHWP submitted evidence for the team's evaluation of compliance with requirements. The team reviewed and evaluated all evidence provided to assess compliance with Reliability Standards applicable to HHWP at this time.

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Based on the evidence provided, three (3) findings were noted for the Reliability Standards and applicable Requirements in scope for this engagement.

The audit team did not identify any areas of concern or recommendations.

There were no open Mitigation Plans; therefore, none were reviewed by the team.

The WECC Compliance Audit team lead certifies that the team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).¹

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



Compliance Audit Process

The Compliance Audit process steps are detailed in the NERC ROP. The CMEP generally conforms to the United States Government Auditing Standards and other generally accepted audit practices.

Objectives

All registered entities are subject to compliance assessments with all Reliability Standards applicable to the functions for which the registered entity is registered² in the Region(s) performing the assessment.

The Compliance Audit objectives are designed to:

- Provide reasonable assurance of compliance to the identified applicable Reliability Standards.
- Review compliance with applicable NERC Reliability Standards identified for 2020 ERO Enterprise CMEP.
- Review evidence of self-reported violations and previous self-certifications.
- Review HHWP's internal compliance program and controls.
- Review the status of open Mitigation Plans.

Scope

The scope of this Compliance Audit considered the NERC Reliability Standards from 2020 ERO Enterprise CMEP Implementation Plan, Inherent Risk Assessment (IRA)

The Reliability Standards and Requirements in-scope for this Compliance Audit are illustrated in **Table 2** Compliance Audit Scope:

Table 2: Compliance Audit Scope		
Registered Function	Standards	Requirement(s)
TOP	EOP-011-1	R1.
TO, GO	FAC-003-4	R3.
TO, GO	FAC-008-3	R6.
DP, GO, TO	PRC-004-5(i)	R1.
TO, GO	PRC-005-6	R3.
TOP	TOP-001-4	R10.
TOP	TOP-001-4	R13.

The team did not expand the scope of the Compliance Audit beyond what was stated in the notification package.

²NERC ROP, Appendix 4C, Section 3.1, Compliance Audits.



Internal Compliance Program

Within the scope of the Compliance Audit, HHWP's compliance program was not reviewed.

Controls

The team reviewed HHWP's related internal controls associated with NERC Reliability Standards in scope.

Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the team are governed under the Regional Delegation Agreements with NERC, and Section 1500 of the NERC ROP³. HHWP was informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each team member was provided to HHWP, which was given an opportunity to object to a team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with a team member's impartial performance of duties. HHWP had not submitted any objections by the stated objection due date based on the ROP and accepted the team member participants without objection. There were no denials or access limitations placed upon this team by HHWP.

Methodology

The ERO Compliance Monitoring and Enforcement Manual (Manual)⁴ documents the ERO Enterprise's current approaches used to assess a registered entity's compliance with the NERC Reliability Standards. The ERO Enterprise uses, "to the extent possible, the Generally Accepted Auditing Standards (GAAS), the Generally Accepted Government Auditing Standards (GAGAS), and standards sanctioned by the Institute of Internal Auditors, as guidance for performing activities under the Compliance Monitoring and Enforcement Program (CMEP)."⁵ While the ERO Enterprise does not necessarily perform compliance monitoring activities that must be in accordance with these standards recognized in the United States, the ERO Enterprise uses these standards as framework to conduct compliance monitoring activities under the CMEP, and recognizes that these standards provide information used in oversight, accountability, transparency, and improvements in ERO Enterprise operations.

WECC provided HHWP with a Compliance Audit notification package to commence the Compliance Audit. HHWP provided evidence at the time requested, or as agreed upon, by WECC. The team

³ [See NERC ROP](#)

⁴ <http://www.nerc.com/pa/comp/Pages/ERO-Enterprise-Compliance-Auditor-Manual.aspx>

⁵ [NERC ROP, Section 1207 and 126 FERC 61,038, Paragraph 3](#)



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reviewed the evidence submitted by HHWP and assessed compliance with the requirements of the applicable Reliability Standards. Additional evidence could be submitted until the agreed-upon deadline prior to the exit briefing. After that date, only data or information that was relevant to the content of the report or its finding could be submitted with the agreement of the team lead.

The team reviewed documentation provided by HHWP and requested additional evidence and sought clarification from subject matter experts during the Compliance Audit. The evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. were validated, substantiated, and cross-checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set was determined by a statistical methodology, along with professional judgment as mentioned in the Manual.

The findings were based on the facts and documentation reviewed, the team's knowledge of the Bulk Electric System (BES), the NERC Reliability Standards, and professional judgment. All findings were developed based upon the consensus of the team.

Company Profile

Hetch Hetchy Water and Power (HHWP) is a division within the San Francisco Public Utilities Commission (SFPUC), which is a department of the City and County of San Francisco. The SFPUC is headed by the General Manager. A five-member commission (the Commission) provides policy direction to and undertakes general oversight of the SFPUC. The Division Manager of HHWP reports to an Assistant General Manager of the SFPUC and is responsible for the operation and maintenance of HHWP Bulk Electric System (BES) facilities.

With respect to matters related to compliance with the Standards, the Division Manager of HHWP as NERC Compliance Officer may also report directly to the SFPUC Deputy General Manager, the SFPUC General Manager, and/or the Commission, where appropriate. The Division Manager of HHWP has been assigned the roles of NERC Compliance Officer and CIP Senior Manager. The Division Manager of HHWP has operational responsibility for SFPUC water storage and SFPUC BES generation and transmission facilities. Five positions report to the Division Manager: The Chief Engineer, Compliance Manager, Administrative Services Manager, Maintenance Planning Manager and Operations and Maintenance Manager.

These direct reports are responsible for overseeing the deployment of approximately 220 HHWP staff. They direct the implementation of all operational aspects including but not limited to, project and construction management, engineering, HHWP system improvements, compliance, budgeting, accounting, training, asset management, and operation and maintenance activities. The HHWP NERC Compliance Manager works with consultants and other San Francisco staff to meet HHWP compliance reporting obligations, monitor HHWP compliance with NERC and Regional Reliability Requirements, and to investigate and address HHWP compliance issues. HHWP maintains separate reporting lines to



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the Division Manager for operations and maintenance and the NERC compliance function to assure the independence of HHWP's NERC compliance function from HHWP's BES operation and maintenance function.

The SFPUC has designated a NERC Compliance Team to support the NERC Compliance Officer and ensure ongoing compliance with the applicable Standards. This team includes: the NERC Compliance Officer, a Compliance Manager who reports to the NERC Compliance Officer and is responsible for the day-to-day management of the NERC Compliance Program, a designee from the SFPUC Power Enterprise, a designee from SFPUC Business Services and a deputy City Attorney.



Compliance Audit Findings

Information related to Audit Team review of Open Enforcement Actions have been redacted from this public report.

Areas of Concern and Recommendations

Areas of Concern

There were no areas of concern noted by the team during the engagement.

Recommendations

The team did not identify any recommendations.



Compliance Culture

HHWP's compliance culture was not formally reviewed by the team as part of the compliance audit. Assessment of HHWP's internal compliance program will be reviewed by WECC Enforcement on an as-needed basis.

WECC Contact Information

Any questions regarding this Compliance Audit report can be directed to:

WECC

155 North 400 West, Suite 200

Salt Lake City, UT 84103

On behalf of WECC, this report was prepared and reviewed by:

Compliance Audit Team Lead	Date
Mark Pedersen, Compliance Auditor, Operations & Planning	October 2, 2020
David Cronin, Compliance Auditor, Cyber Security	September 30, 2020
Management Rep	Date
Tom Williams, Compliance Monitoring Manager, Cyber Security	October 2, 2020
Doug Brown, Compliance Monitoring Manager, Operations and Planning	October 6, 2020



Appendix 1: Compliance Audit Participants

Appendix Table 1: Compliance Audit Team and Appendix Table 2: HHWP Participants list all personnel from the team and HHWP who were directly involved during the meetings and interviews.

Role	Title	Entity
Compliance Audit Team Lead	Compliance Auditor	WECC
Team Member	Senior Compliance Auditor	WECC
Team Member	Senior Compliance Auditor	WECC
Team Member	Senior Compliance Auditor	WECC
Team Member	Compliance Coordinator	WECC
Observer	Director of Entity Monitoring	WECC
Observer	Manager of Entity Monitoring	WECC

Title	Entity
System Administrator	HHWP
Protection Engineer	HHWP
Power Generation & Transmission Manager	HHWP
Associate Engineer	HHWP
Operating & Transmission Planning Engineer	HHWP
Utility Specialist (Observer)	HHWP
Operating & Transmission Planning Engineer	HHWP
Compliance Administrator	HHWP
O&P Specialist	HHWP
NERC/WECC Compliance Manager	HHWP
PRC/FAC-008 Specialist	HHWP
ROW Manager	HHWP
Maintenance Manager	HHWP