

American Electric Power Service Corp

Final Audit Report

for Compliance with

NERC Reliability Standards

June 19-20, 2007

Public Version

2007 American Electric Power Service Audit Report

Executive Summary

Texas Regional Entity (TEXAS RE) reviewed a number of ERCOT Protocol and Operating Guide Issues that were addressed in the questionnaire by AEP (QSE). In addition to the Protocol and Operating Guide issues, there were also NERC Standards that are being actively monitored for the year 2007 to be reviewed. NERC Standards for 2007 are as follows:

- CIP-001-1
- CIP-002-1 through CIP-009-1
- IRO-001-1
- IRO-004-1
- TOP-003-0

From the documentation provided and interviews conducted, AEP met these requirements for 2007. The AEP QSE/GOP Audit was conducted at the American Electric Power Service headquarters in Columbus, Ohio.

Audit Process

The audit questionnaire is sent out in advance. Once the TEXAS RE receives the responses to the questionnaire, a date was set for the site visit to the AEP facility. During the on site audit, management was interviewed to answer or clarify questions that the audit team had regarding the responses to the questionnaire. The next step was for the TEXAS RE audit team to interview appropriate personnel and review documents substantiating that operations personnel are trained and capable of following the criteria to ensure reliable operations from that entity. The audit team also interviewed IT, Communications, and Planning personnel as necessary to get answers to questions and verify documentation when necessary.

Audit Objectives & Scope

The criteria for this audit are based on the premises that an three year (minimum) compliance audit be conducted. This holds true for both the ERCOT Protocols and Operating Guides and the NERC Standards that are applicable to the entity being audited. The audit is designed to verify that all criteria are met and documented as appropriate for that entity.

TEXAS REGIONAL ENTITY

AN INDEPENDENT DIVISION OF ERCOT

The Scope of this compliance audit is inclusive of all requirements of the ERCOT Protocols and Operating Guides, the NERC Standards that are being actively monitored at the time of the audit and any others that may be identified by the audit team at the time of the audit. This audit was performed by members of the Texas Regional Entity. Vann Weldon, Jeff Whitmer and Robert Potts were the members at the site audit.

The Audit team interviewed several AEP employees representing subject matter expertise in varying departments and documentation of evidence in each area. The attendance list is as follows:

Name	Title	E-Mail
Jeff Whitmer	Texas Regional Entity/ERCOT Compliance	Included in Appendix 1: Confidential & Security Sensitive Information
Robert Potts	Texas Regional Entity/ERCOT Compliance	
Vann Weldon	Texas Regional Entity/ERCOT Compliance	
Kevin Stogran	Mgr-Market Operations Support	
Phil Cox	RTO Operations Analyst	
Thad Ness	Reliability Standards Compliance Manager	
Dave Erickson	Mgr-Production Optimization	
Richard Ross	Mgr-Energy Markets	
Tricia Prickett	Operational Performance & Development	
Daniel George	Principal Energy Coordination	
Robert Beller	Staff Energy Coordinator	
Kary Bigbie	Mgr-Shift Generation Dispatch	
Frankie Thomas	Principal Generation Dispatch	
Don Buchmueller	Manager C&MS	
Bill Thompson	Mgr-Generation Dispatch	
Todd Thiel	Mgr-IT Network Operations (NOC)	

Company Profile

American Electric Power Service (QSE) is located in Columbus, Ohio. They have sites in Texas and conduct business within ERCOT that serves more than 900,000 customers in the deregulated marketplace.

Findings – NERC Standards

The Compliance Auditing Team found that American Electric Power Service was compliant with all actively NERC Standards at the time of the audit. The table that follows provides additional details.

CIP-001-1 All NERC Requirements were met and auditors reviewed:

Included in Appendix 1: Confidential & Security Sensitive Information

IRO-001-1 The Compliance Audit Team reviewed documentation as follows:

1. R.8 AEP Operators keep logs and AEP has a NICE recording system that allows voice recordings to be reviewed at any time called upon.

IRO-004-1 The Compliance Audit Team reviewed documentation as follows:

1. R4. The AEP ERCOT Day Ahead Procedure – Version 2 6/12/2002
This is used day ahead and during real time to communicate required information to ERCOT.

TOP-003-0 The Audit Team observed and reviewed the following documentation:

1. R1. ERCOT Outage Scheduler, AEP ERCOT Day Ahead Resource Plan Procedure Version 2.4, 6/12/07
Reviewed outage schedule instructions, ERCOT Outage Scheduler Procedures, and a sheet of outages submitted that addressed de-ratings, forced outages, and an outage schedule 8 months out.
2. R2. ERCOT Outage Scheduler, AEP ERCOT Day Ahead Resource Plan Procedure Version 2.
3. R3 Procedure for scheduling outages impacting MW telemetering and AGC Control for generation resources dispatched by commercial operations generation and hydro dispatch.

TEXAS REGIONAL ENTITY

AN INDEPENDENT DIVISION OF ERCOT

Including power plant RTU's, Plant PI and GCSSS SCADA network, and dispatcher critical phone/communication systems. Reviewed communications from Thomas Stein/OR1/AEPIN, and a Monthly Process Calendar.

Note: AEP is aware of CIPs 002 – 009 and is working toward fulfilling the requirements associated with these standards.

Appendix 1

Confidential & Security Sensitive Information

Note: This section contains confidential & security sensitive information which is not included with the public version, but retained by Texas RE and NERC and is sent privately to the audited entity.