

# **Bandera Electric CO OP Inc.**

**NERC ID # NCR040008**

## **Audit Report**

**for Compliance with**

## **NERC Reliability Standards**

### **Public Version**

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

Audit Date: August 20 and 21, 2008  
Audit Location: Texas Regional Entity  
Report Date: October 3, 2008  
Prepared By: J. Frank Vick, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The Off-Site compliance audit of Bandera Electric CO OP Inc. (BEC) was conducted on August 20 and 21, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on BEC's registration as a Transmission Owner (TO), Transmission Planner (TP) and Distribution Provider (DP). The audit team consisted of three (3) representatives from Texas Regional Entity (Texas RE) and one (1) representative from the North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by BEC and the interviews of BEC's personnel, BEC met all of the NERC Standard requirements with no violations.

## 2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at [www.nerc.com](http://www.nerc.com). The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

### 2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.<sup>1</sup> The audit objectives are:

- Independently review BEC's compliance with the requirements of the reliability standards that are applicable to BEC based on the BEC's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document BEC's compliance culture.

### 2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2008 and any others that may be identified by the audit team at the time of the audit applicable to Transmission Owner, Transmission Planner and Distribution Provider. The audit was performed by three (3) members of Texas RE and one (1) NERC representative.

For the 2008 CMEP, the monitoring period for the compliance audit will be the past 12 months or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

#### 2.2.1 Confidentiality and Conflict of Interest

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to BEC prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to BEC. BEC was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. BEC accepted the audit team member participants with no objections.

## **2.3 Methodology**

Once an audit date was set by Texas RE, BEC was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheet (RSAW) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAW and pre-audit questions with BEC's management and supervisors. Texas RE audit team interviewed operations personnel and reviewed documents to substantiate those operations personnel were trained and capable of following the procedures 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.

The audit team conducted an exit briefing immediately following the audit with BEC. The audit team verbally shared its preliminary results with BEC's management.

## **2.4 Company Profile**

Bandera Electric Cooperative, Inc. (BEC) is an electric cooperative which operates in all or portions of seven Texas counties (Bandera, Bexar, Kendall, Kerr, Medina, Real, and Uvalde). Located northwest of San Antonio in the Texas Hill Country, BEC has experienced rapid member and load growth, exceeding 3.5% per year over the past several years. In May 2008, BEC served approximately 30,731 consumers.

BEC owns approximately 104 miles of transmission and 4,290 miles of distribution lines. BEC's transmission system consists of both 69kV and 138kV lines; whereas, the majority of BEC's distribution system is operated at 12.47kV with the remainder operating at 24.9kV. BEC's transmission system is operated by the Lower Colorado River Authority under a Facilities and Premise Lease Agreement.

Primarily a winter peaking system, in February 2007, BEC set an all-time system coincident peak of 156.4 MW. Summer peak demands have been experienced at levels typically 85-90% of winter peak demands.

## **2.5 Audit Specifics**

Audit Date: August 20 and 21, 2008  
Audit Location: Texas Regional Entity

Texas RE Audit Team:

<b>Name</b>	<b>Company/Title</b>
J. Frank Vick	Texas RE/Audit Team Leader
Bill Lewis	Texas RE/Auditor
David Bueche	Texas RE/Auditor
Jule Tate	NERC/Auditor

BEC Audit Participants:

<b>Name</b>	<b>Company/Title</b>
Brian Bartos	Bandera/Manager, Engineering
Lee Pressler	Bandera/Performance Analyst

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that BEC was compliant with all 2008 actively monitored NERC Standards at the time of the audit.

The following table is a summary of the auditor's notes for those NERC standards reviewed during the audit:

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
CIP-002 thru CIP-009		
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
FAC-003-1	R4.	N/A
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	N/A
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	Compliant
PRC-010-0	R2.	Compliant
PRC-011-0	R1.	Compliant
PRC-011-0	R2.	Compliant
PRC-016-0	R1.	Compliant
PRC-016-0	R2.	Compliant
PRC-016-0	R3.	Compliant
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
PRC-021-1	R1.	Compliant
PRC-021-1	R2.	Compliant
TPL-001-0	R1.	Compliant
TPL-001-0	R2.	Compliant
TPL-001-0	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant
TPL-004-0	R1.	Compliant
TPL-004-0	R2.	Compliant

## **3.2 Conclusion**

BEC was found in compliance with the standards that were audited.

## **3.3. Compliance Culture**

Based on the information provided in the Audit General Information Request and the audit results, BEC has a compliance program in place which promotes compliance within the company. BEC was cooperative with all of the audit team's initial and additional information requests.