

City of College Station

NCR04032

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: May 21-22, 2008
Audit Location: College Station, TX
Report Date: May 27, 2008
Prepared By: Kent Grammer

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1.0 EXECUTIVE SUMMARY

The on-site compliance audit of City of College Station (CSU) was conducted on May 21-22, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on City of College Station's registration as a Transmission Owner (TO), Transmission Planner (TP), and Distribution Provider (DP). The audit team consisted of five representatives from Texas Regional Entity (Texas RE) and two representatives from the North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by CSU and the interviews of CSU personnel, CSU met all of the NERC Standard requirements.

This audit report includes information regarding the requirements that were missing for City of College Station's possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the Texas Region Entity's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will follow the same process.

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at 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.¹ The audit objectives are:

- Independently review City of College Station's compliance with the requirements of the reliability standards that are applicable to CSU based on the City of College Station'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 City of College Station's compliance culture.

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of NERC 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 five members of Texas RE and two NERC representatives.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

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

Confidentiality agreements and code of conduct documentation for the NERC representative and regional entity staff were provided to CSU prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the City of College Station. CSU 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. CSU accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, CSU was sent a pre-audit questionnaire and the Reliability Standard Auditors Work Sheets (RSAWS) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAWS and pre-audit questions with CSU 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 City of College Station. The audit team verbally shared its preliminary results with CSU management.

2.4 Company Profile

The CSU is a NOIE and a non-generating transmission owner. CSU owns approximately 20 miles of transmission with approximately 34,000 connected distribution meters. CSU provides a 24/7 utility dispatch operations center. The CSU Electrical Department currently has 55 employees on staff. CSU is a City Council governed municipal electric utility.

2.5 Audit Specifics

Audit Date: May 21-22, 2008
Audit Location: City of College Station

Texas RE Audit Team:

Name	Company/Title
Kent Grammer	Texas RE/Audit Team Leader
Frank Vick	Texas RE/Auditor
Kenneth Kan	Texas RE/Auditor
Brent Torgrimson	Texas RE/Auditor
Jeff Whitmer	Texas RE/Auditor
Jule Tate	NERC/Auditor

Name	Company/Title
Roger Lampila	NERC/Auditor

CSU Audit Participants:

Name	Company/Title
Augie Palmisano	Utility Dispatch Operations Superintendent
Garry Lange	Substation & Metering Superintendent
Stacy Engelmann	CSU Staff Assistant
Jerry Hejl	Substation Supervisor
Timothy Grabb	Assistant Director CSU
Tony Michalsky	Transmission & Distribution Superintendent

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that CSU 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:

Reliability Standard	Requirement	Finding
CIP-001 thru 009		
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
FAC-003-1	R4.	Compliant
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Compliant
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

Reliability Standard	Requirement	Finding
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

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

3.3. Compliance Culture

City of College Stations has a good start in moving towards a compliance culture. They were forthcoming with all requests.