

Bryan Texas Utilities

NERC ID # NCR04022

Audit Report

For Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: June 25 – 26, 2008
Audit Location: Bryan, Texas
Report Date: August 15, 2008
Prepared By: Tony Shiekhi, Audit Leader

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1.0 EXECUTIVE SUMMARY

The on-site compliance audit of Bryan Texas Utilities was conducted on June 25 – 26, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on Bryan Texas Utilities' registration as Transmission Owner (TO), Transmission Planner (TP) and Distribution Provider (DP). The audit team consisted of six representatives from Texas Regional Entity (Texas RE) and one representative from North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by Bryan Texas Utilities and the interviews of Bryan Texas Utilities personnel, Bryan Texas Utilities met all of the NERC Standard requirements.

This audit report includes information regarding the requirements that were missing for Bryan Texas Utilities' 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 RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will be 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 Bryan Texas Utilities' compliance with the requirements of the reliability standards that are applicable to Bryan Texas Utilities based on the Bryan Texas Utilities' 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 Bryan Texas Utilities' 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 TO, TP and DP. The audit was performed by six members of Texas RE and a NERC representative.

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 regional entity staff were provided to Bryan Texas Utilities prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the Bryan Texas Utilities. Bryan Texas Utilities 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. Bryan Texas Utilities accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Bryan Texas Utilities 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 Bryan Texas Utilities 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 Bryan Texas Utilities. The audit team verbally shared its preliminary results with Bryan Texas Utilities management.

2.4 Company Profile

Bryan Texas Utilities (BTU) is an enterprise activity of the City of Bryan, Texas. BTU operates both a "City" system comprised of residential and commercial customers within the city limits of Bryan and a "Rural" system comprised of residential and commercial customers within portions of Brazos, Burleson and Robertson counties. Each system is operated by a common staff with records maintained separately for accounting and reporting purposes.

BTU was established in 1909 and currently employs 200 people. The BTU serves approximately 47,800 customers in both systems. The BTU system is comprised of approximately 2000 miles of 12.5kV distribution, 110 miles of 69kV and 138kV transmission and 21 substations. BTU also operates two generating plants with a total capacity of 182 MW. Energy sales for 2007 were 1,965,772 MWH. Annual electric revenue for 2007 was \$181,834,673. BTU is a member of the Texas Municipal Power Agency (TMPA), Texas Public Power Association (TPPA) and Texas Electric Cooperatives, Inc. (TECI).

2.5 Audit Specifics

Audit Date: June 25 – 26, 2008
Audit Location: Bryan, Texas

Texas RE Audit Team:

Name	Company/Title
Tony Shiekhi	Texas RE/Audit Team Leader
Jeff Whitmer	Texas RE/Auditor
Frank Vick	Texas RE/Auditor
Bill Lewis	Texas RE/Auditor
Brent Torgrimson	Texas RE/Auditor
Kent Grammer	Texas RE/Auditor
Jule Tate	NERC/Auditor

Bryan Texas Utilities Audit Participants:

Name	Company/Title
Roy Trotter	Bryan Texas Utilities
Michael McMillan	Bryan Texas Utilities
Patrick Kasper	Bryan Texas Utilities/ Division Manager
Randy Trimble	Bryan Texas Utilities
John Moore	Bryan Texas Utilities
Dennis Mowbray	Bryan Texas Utilities
Scott Smith	Bryan Texas Utilities
Ted Fox	Bryan Texas Utilities
Russell Gorski	Bryan Texas Utilities
Brad Wright	Bryan Texas Utilities
Samuel Langhoff	Bryan Texas Utilities
Ray Gilby	KEMA Consulting
Maury Blalock	Blalock & Associates/Consultant
Sally Blalock	Blalock & Associates/ Consultant
Dennis Caufield	Caufield Consulting/ Consultant

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Bryan Texas Utilities 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

Reliability Standard	Requirement	Finding
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
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

Bryan Texas Utilities was found in compliance with the standards that were audited.

3.3. Compliance Culture

Bryan Texas Utilities has a good start in moving toward a good compliance culture.