

# **Pedernales Electric CO OP, Inc.**

**NERC ID: NCR04111**

## **Audit Report**

for Compliance with

## **NERC Reliability Standards**

**Public Version**

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

Audit Date: March 12–13, 2008  
Audit Location: Austin, Texas  
Report Date: May 20, 2008  
Prepared By: Tony Shiekhi

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## 1.0 Executive Summary

The table top compliance audit of Pedernales Electric CO OP, Inc. was conducted on March 12–13, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on Pedernales Electric CO OP, Inc.'s registration as a Transmission Owner (TO), Transmission Planner (TP), and Distribution Provider (DP). The audit team consisted of five (5) representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by Pedernales Electric CO OP, Inc., Pedernales Electric CO OP, Inc. met all of the NERC Standard requirements.

## 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 Pedernales Electric CO OP, Inc.'s compliance with the requirements of the reliability standards that are applicable to Pedernales Electric CO OP, Inc. based on the Pedernales Electric CO OP, Inc.'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 Pedernales Electric CO OP, Inc.'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 (5) members of Texas RE.

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.

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

## **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 Pedernales Electric CO OP, Inc. prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the Pedernales Electric CO OP, Inc. Pedernales Electric CO OP, Inc. 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. Pedernales Electric CO OP, Inc. accepted the audit team member participants with no objections.

## **2.3 Methodology**

Once an audit date was set by Texas RE, Pedernales Electric CO OP, Inc. 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 Pedernales Electric CO OP, Inc. management and supervisors. Texas RE audit team reviewed documents to substantiate those operations personnel were trained and capable of following the procedures to ensure reliable operations from that entity. The audit also verified the completion of the Pedernales Electric CO OP, Inc. mitigation plans.

The audit team conducted an exit briefing immediately following the audit with Pedernales Electric CO OP, Inc. The audit team verbally shared its preliminary results with Pedernales Electric CO OP, Inc. management.

## **2.4 Company Profile**

Pedernales Electric CO OP, Inc. is an electric distribution cooperative serving portions of central Texas. It began operations in 1939. Until 1978, LCRA, a conservation and reclamation district created by the Legislature of the State of Texas, performed all daily activities on Pedernales Electric CO OP, Inc.'s behalf under a contractual agreement. In 1979, Pedernales Electric CO OP, Inc. assumed the daily operations of the business.

Pedernales Electric CO OP, Inc. certificated service territory consists of very rural and highly developed suburban areas totaling approximately 8,100 non-contiguous square miles in central Texas, including part or all of 46 municipalities and towns and part or all of 24 counties. Pedernales Electric CO OP, Inc. has approximately 220,000 members, approximately 16,000 miles of distribution line, and approximately 300 miles of transmission lines.

## **2.5 Audit Specifics**

Audit Date: March 12–13, 2008  
Audit Location: Texas RE offices, Austin, Texas

Texas RE Audit Team:

| <b>Name</b>          | <b>Company/Title</b>  |
|----------------------|-----------------------|
| S. A. "Tony" Shiekhi | Texas RE/Lead Auditor |
| Jeff Whitmer         | Texas RE/Auditor      |
| Kent Grammer         | Texas RE/Auditor      |
| Ken Kan              | Texas RE/Auditor      |
| Farzaneh Tafreshi    | Texas RE/Auditor      |

Pedernales Electric CO OP, Inc. Audit Participants:

| <b>Name</b>       | <b>Company/Title</b>   |
|-------------------|--|
| Dale Jones        | Pedernales Electric CO OP, Inc./Distribution Engineering Manager   |
| James Blanton     | Pedernales Electric CO OP, Inc./Project Maintenance Manager        |
| Randy Woodruff    | Pedernales Electric CO OP, Inc./Substation Maintenance Coordinator |
| Paul Lochte       | Pedernales Electric CO OP, Inc./Engineering Supervisor             |
| Michelle Galloway | Pedernales Electric CO OP, Inc./Technical Communications Manager   |

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that Pedernales Electric CO OP, Inc. 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 009            |                    |                |
| FAC-003-1                   | R1.                | Compliant      |
| FAC-003-1                   | R2.                | Compliant      |
| FAC-003-1                   | R3.                | Compliant      |
| FAC-003-1                   | R4.                | NA             |
| FAC-008-1                   | R1.                | Compliant      |
| FAC-008-1                   | R2.                | Compliant      |
| FAC-008-1                   | R3.                | NA             |
| FAC-009-1                   | R1.                | Compliant      |

| <b>Reliability Standard</b> | <b>Requirement</b> | <b>Finding</b> |
|-----------------------------|--------------------|----------------|
| FAC-009-1                   | R2.                | Compliant      |
| IRO-004-1                   | R1.                | NA             |
| IRO-004-1                   | R2.                | NA             |
| IRO-004-1                   | R3.                | NA             |
| IRO-004-1                   | R4.                | Compliant      |
| IRO-004-1                   | R5.                | NA             |
| IRO-004-1                   | R6.                | NA             |
| IRO-004-1                   | R7.                | NA             |
| PRC-004-1                   | R1.                | Compliant      |
| PRC-004-1                   | R2.                | NA             |
| 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.                | NA             |
| PRC-010-0                   | R2.                | NA             |
| PRC-011-0                   | R1.                | NA             |
| PRC-011-0                   | R2.                | NA             |
| PRC-016-0                   | R1.                | NA             |
| PRC-016-0                   | R2.                | NA             |
| PRC-016-0                   | R3.                | NA             |
| PRC-017-0                   | R1.                | NA             |
| PRC-017-0                   | R2.                | NA             |
| PRC-021-1                   | R1.                | NA             |
| PRC-021-1                   | R2.                | NA             |
| 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**

Pedernales Electric CO OP, Inc. was found in compliance with the standards that were audited.

### **3.3. Compliance Culture**

This topic was not discussed during the audit.