

Rayburn Country Co Op DBA Rayburn Electric

NERC ID # NCR04113

Audit Report

For Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: October 22-23, 2008
Audit Location: Austin, Texas
Report Date: December 5, 2008
Prepared By: David Bueche, Audit Leader

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1.0 EXECUTIVE SUMMARY

The on-site compliance audit of Rayburn Country Co Op DBA Rayburn Electric was conducted on October 22-23, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on Rayburn Electric's registration as a Distribution Provider (DP). The audit team consisted of three 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 Rayburn Electric and the interviews of Rayburn Electric personnel, Rayburn Electric 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. 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 Rayburn Electric's compliance with the requirements of the reliability standards that are applicable to Rayburn Electric based on the Rayburn Electric's registered function
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP Implementation Plan list of actively monitored standards
- Document Rayburn Electric'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 a DP. The audit was performed by three members of Texas RE and a 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

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Rayburn Electric prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to Rayburn Electric. Rayburn Electric 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

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

performance of duties. Rayburn Electric accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Rayburn Electric 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 Rayburn Electric's primary contact. The audit team conducted an exit briefing immediately following the audit with Rayburn Electric. The audit team verbally shared its preliminary results with Rayburn Electric management.

2.4 Company Profile

RCEC is a private corporate entity. The Headquarters for the Cooperative is in Rockwall, Texas, just east of Dallas. RCEC is owned by its five member electric distribution cooperatives rather than by shareholders. Each member cooperative selects a board member and alternate to represent their cooperative on the Rayburn Board of Directors.

The five members of RCEC are Fannin County Electric Cooperative, Inc., Farmers Electric Cooperative, Inc., Grayson-Collin Electric Cooperative, Inc., Lamar County Electric Cooperative Association and Trinity Valley Electric Cooperative, Inc.

RCEC was organized in 1979 to provide wholesale power to its members. RCEC does not own any generating facilities. Instead, RCEC purchases in bulk at wholesale, from American Electric Power Company, (AEP), Constellation Energy Group (CEG), and the Southwestern Power Administration (SWPA), a federal agency that markets hydroelectric power at the Denison Dam on the Red River. The electricity that is acquired from AEP, CEG and SWPA and delivered at points of interconnection on the Oncor and SWEPCO electric systems, with RCEC's ERCOT load ratio share being 0.00921 percent of ERCOT's coincidental peak. In the majority of cases within ERCOT, or Oncor service areas, the delivery of electricity to RCEC by Oncor is at, or very near, essentially the same geographical point.

The electricity to serve the RCEC members is delivered to RCEC at points of interconnection on the Oncor system via a long term interconnection agreement between RCEC and Oncor.

Physical Company Address:
Rayburn Country Electric Cooperative, Inc.
980 Sids Road
Rockwall, Texas 75032

2.5 Audit Specifics

Audit Date: October 22-23, 2008
Audit Location: Austin, Texas

Texas RE Audit Team:

Name	Company/Title
David Bueche	Texas RE/Audit Team Leader
Jeff Whitmer	Texas RE/Auditor
Tony Shiekhi	Texas RE/Auditor
Jule Tate	NERC/Auditor

Rayburn Electric Audit Participants:

Name	Company/Title
Eddie Reece	Rayburn Electric/Manager Engineering
Jeff Lane	Trinity Valley Co Op/Dispatch Manager
Tony Watson	Trinity Valley Co Op/Operations Manager
Tim Craig	Trinity Valley Co Op/Planning and Technical Engineer
Sam Warren	Farmers Electric
Brian Green	Farmers Electric
Tony Vinson	Fannin Electric/Asst Manager
Ronnie Odom	Fannin Electric/General Manager
Mark Reynolds	Grayson Collin Electric Co-Op/Lead Dispatcher
Tommy Nylec	Grayson Collin Electric Co-Op/Electrical Engineer
John Kirkland	Rayburn Electric/President and CEO
Bruce Stevens	Grayson Collin Electric Co-Op/ Manager Engineering and Ops

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Rayburn Electric 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		
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

Reliability Standard	Requirement	Finding
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-016-0	R1.	N/A
PRC-016-0	R2.	N/A
PRC-016-0	R3.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
PRC-021-1	R1.	N/A
PRC-021-1	R2.	N/A

3.2 Conclusion

Rayburn Country Co Op DBA Rayburn Electric was found compliant with the standards that were audited. Rayburn Electric provided very organized and thorough procedures and processes.

3.3. Compliance Culture

It appears that Rayburn Electric has implemented a very good compliance culture within its organization.