

Lower Colorado River Authority

NERC ID # NCR04092

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: January 14 – 15, 2009
Audit Location: Lower Colorado River Authority, Austin, TX
Report Date: March 13, 2009
Prepared By: David Bueche, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of Lower Colorado River Authority (LCRA) was conducted on January 14 – 15, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on LCRA's registration as a GOP. The audit team consisted of eight representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by LCRA and the interviews of LCRA's personnel, LCRA 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 LCRA's compliance with the requirements of the reliability standards that are applicable to LCRA based on the LCRA's registered functions
- Validate compliance with applicable reliability standards from the NERC 2009 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 LCRA'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 2009 and any others that may be identified by the audit team at the time of the audit applicable to Generator Operator. The audit was performed by eight members of Texas RE.

For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since LCRA's last audit as a GOP 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 LCRA prior to the audit. Work history and conflict of interest forms submitted by each

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

audit team member were provided to the LCRA. LCRA 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. LCRA accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, LCRA was sent a pre-audit questionnaire and the Reliability Standard Audit 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 LCRA'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 LCRA. The audit team verbally shared its preliminary results with LCRA's management.

2.4 Company Profile

LCRA is a conservation and reclamation district created by the Texas Legislature in 1934. It has no taxing authority and operates solely on utility revenues and fees generated from supplying energy, water and community services. LCRA supplies low-cost electricity for Central Texas, manages water supplies and floods in the lower Colorado River basin, develops water and wastewater utilities, provides public parks, and supports community and economic development in 58 Texas counties.

LCRA sells wholesale electricity to 43 retail utilities, including cities and electric cooperatives that serve more than 1 million people in 53 counties. LCRA operates more than 3,300 miles of transmission lines statewide. Under a 1999 state law, it can provide transmission services throughout Texas.

The mission of the Lower Colorado River Authority (LCRA) is to provide reliable, low-cost utility and public services in partnership with our customers and communities and to use our leadership and environmental authority to ensure the protection and constructive use of the area's natural resources.

LCRA maintains a diverse power generation portfolio to ensure Central Texans can count on their source of electricity. These power facilities include coal- and natural gas-fired units that provide 2,333 megawatts (MW) of generating capacity for LCRA customers. With 281.5 MW of hydroelectric capacity and 116 MW of wind power purchases, LCRA also ranks as the largest public power supplier of renewable energy in Texas.

Here is a snapshot of LCRA generating facilities:

- Fayette Power Project (FPP), a three-unit coal-fired power plant near La Grange, provides 1,025 MW for LCRA. (Austin Energy co-owns two of the FPP units and the power they produce.)
- Sim Gideon Power Plant, a three-unit gas plant in Bastrop County, provides 620 MW.
- Thomas C. Ferguson Power Plant, a single-unit gas-fired plant in Marble Falls, provides 420 MW.

- LCRA affiliate GenTex Power Corporation owns Lost Pines 1 Power Project, a gas-fired combined-cycle power plant in Bastrop County. This plant provides 545 MW of generating capacity for Texas consumers.
- Six hydroelectric dams operated by LCRA provides 281.5 MW of renewable energy.
- LCRA purchases 116 MW from West Texas wind power facilities under long-term contracts.

2.5 Audit Specifics

Audit Date: January 13 – 14, 2009
Audit Location: Lower Colorado River Authority, Austin, TX

Texas RE Audit Team:

Name	Company/Title
David Bueche	Texas RE/Audit Team Leader
Scott Jackson	Texas RE/Auditor
Frank Vick	Texas RE/Auditor
Mark Scovill	Texas RE/Auditor
Rashida Caraway	Texas RE/Auditor
Sheila Alexander	Texas RE/Observer
Mishani Kasper	Texas RE/Observer
Lindley Ellisor	Texas RE/Observer

Lower Colorado River Authority's Audit Participants:

Name	Company/Title
Jim Clawson	LCRA
Greg Graham	LCRA
Tom Foreman	LCRA, Manager
Karin Schweitzer	LCRA
Ernest Caple	LCRA
Drew Bonser	LCRA
Teresa Cantwell	LCRA
Dan Kuehn	LCRA
Susana Duarte	LCRA
Eric Martinson	LCRA
Jack Thormahlen	LCRA
Robert Caffee	LCRA

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that LCRA was compliant with all 2009 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-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
CIP-002 through CIP-009		Reviewed
COM-002-2	R1.	Compliant
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-1	R13.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant

3.2 Conclusion

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

3.3. Compliance Culture

LCRA was cooperative with the audit team's needs and information requests throughout the entire audit process. Based on the information provided throughout the audit process, via documentation and interviews, LCRA has a compliance program in place which promotes compliance within the company. The senior management of LCRA strongly supports LCRA's compliance program and it is evident throughout the organization and its employees.