

# **Bluebonnet Electric Co Op Inc.**

**NERC ID # NCR04013**

## **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 21 – 22, 2009
Audit Location:	Texas RE Offices, Austin, TX
Report Date:	March 27, 2009
Prepared By:	Bill Lewis, Audit Team Leader

## TABLE OF CONTENTS

1.0	Executive Summary .....	3
2.0	Audit Process.....	3
2.1	Objectives .....	3
2.2	Scope.....	3
2.3	Methodology .....	4
2.4	Company Profile .....	4
2.5	Audit Specifics .....	4
3.0	Audit Results.....	5
3.1	Findings .....	5
3.2	Conclusion .....	6
3.3.	Compliance Culture .....	6

## 1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Bluebonnet Electric Co Op Inc (BBEC) was conducted on January 21 - 22, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on BBEC's registration as a TO, TP, DP. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by BBEC and the interviews of BBEC's personnel, BBEC 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 BBEC's compliance with the requirements of the reliability standards that are applicable to BBEC based on the BBEC's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 CMEP Implementation Plan's 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 BBEC'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 Transmission Owner, Transmission Planner, Distribution Provider. The audit was performed by four members of Texas RE.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since BBEC's last audit as a DP, TO, TP 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 BBEC prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to BBEC. BBEC was given an opportunity to object to an audit

---

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

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. BBEC accepted the audit team member participants with no objections.

### 2.3 Methodology

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

### 2.4 Company Profile

Bluebonnet Electric Cooperative Inc. (Bluebonnet) is a Transmission / Distribution cooperative located in Central Texas. Bluebonnet purchases generation from the Lower Colorado River Authority (LCRA). Bluebonnet owns 77.29 miles of 138 KV Transmission and 12.47 miles of 69 KV Transmission, all of which is leased and operated by the LCRA TSC. There are seven Bluebonnet owned substations served by Bluebonnet transmission. The remainder of the Bluebonnet load is served through the LCRA TSC transmission system as described in FAC-001 – Attachment C. Bluebonnet is NERC registered as a DP (Distribution Provider), a TO (Transmission Owner), and a TP (Transmission Planner). Bluebonnet serves approximately 80,000 distribution cooperative members in the Central Texas area, between the Austin / San Marcos and College Station area of Texas. Bluebonnet currently employs about 280 employees.

### 2.5 Audit Specifics

Audit Date: January 21 - 22, 2009  
Audit Location: Texas RE Offices, Austin, TX

Texas RE Audit Team:

Name	Company/Title
Bill Lewis	Texas RE/Audit Team Leader
Mark Scovill	Texas RE/Auditor
Scott Jackson	Texas RE/Auditor
Dennis Caufield	Texas RE/Auditor

Bluebonnet Electric Co Op Inc Audit Participants:

Name	Company/Title
Eric Kocian	Manager of Electric Operations and Engineering

<b>Name</b>	<b>Company/Title</b>
Bil Kahanek	Manager of Engineering Design
Phillip Ellis	Superintendent of Substations

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that BBEC 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:

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-003-1	R1.	N/A
FAC-003-1	R2.	N/A
FAC-003-1	R3.	N/A
FAC-003-1	R4.	N/A
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	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	N/A
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-010-0	R1.	N/A
PRC-010-0	R2.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
PRC-011-0	R1.	N/A
PRC-011-0	R2.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	N/A
TOP-001-1	R4.	Compliant
TOP-001-1	R5.	N/A
TOP-001-1	R6.	N/A
TOP-001-1	R7.	N/A
TOP-001-1	R8.	N/A
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

## Conclusion

BBEC was found in compliance with all the standards that were audited.

### 3.3. Compliance Culture

BBEC did not have a formal internal compliance program at the time of the audit, but was in the process of developing one. BBEC did demonstrate both knowledge and promotion of a compliance culture. BBEC was cooperative with the audit team's additional information requests throughout the audit process.