

# **CenterPoint Energy Houston Electric LLC**

**NERC ID # NCR04028**

## **Audit Report**

**For Compliance with**

## **NERC Reliability Standards**

## **Public Version**

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

Audit Date: July 8-9, 2009  
Audit Location: CenterPoint Energy offices – Houston, TX  
Report Date: September 25, 2009  
Prepared By: David Bueche, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of CenterPoint Energy Houston Electric LLC (CenterPoint Energy) was conducted on July 8<sup>th</sup> - 9<sup>th</sup>, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on CenterPoint Energy's registration as a DP, TO, TP. The audit team consisted of six representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by CenterPoint Energy and the interviews of CenterPoint Energy's personnel, CenterPoint Energy 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 CenterPoint Energy's compliance with the requirements of the reliability standards that are applicable to CenterPoint Energy based on the 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 CenterPoint Energy'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, and Distribution Provider. The audit was performed by six 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 CenterPoint Energy'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 CenterPoint Energy prior to the audit. Work history and conflict of interest forms

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

submitted for each audit team member were provided to CenterPoint Energy. CenterPoint Energy 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. CenterPoint Energy accepted the audit team member participants with no objections.

## **2.3 Methodology**

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

## **2.4 Company Profile**

CenterPoint Energy Houston Electric, LLC (CenterPoint Energy) is an indirect wholly owned subsidiary of CenterPoint Energy, Inc., which is headquartered in Houston, Texas. CenterPoint Energy, Inc. is a domestic energy delivery company that includes electric transmission and distribution, natural gas distribution, competitive natural gas sales and services, interstate pipelines and field services operations.

CenterPoint Energy provides electric transmission and distribution services to retail electric providers serving approximately two million metered customers in a 5,000-square-mile area that includes Houston, the nation's fourth largest city. The Company does not own generation resources. CenterPoint Energy delivers electricity on behalf of 74 retail electric providers. The Company experienced an average four coincident peak by transmitting 15,189 MW from resources to customers during the summer months of 2008. CenterPoint Energy's transmission network is comprised of 3,753 circuit miles of transmission connecting over 400 substations located in the southeast corner of the ERCOT Region. As of the end of 2007, the CenterPoint Energy transmission system included 425 circuit miles of 69 kV, 2,112 circuit miles of 138 kV and 1,216 circuit miles of 345 kV transmission lines for a total of 3,753 circuit miles.

CenterPoint Energy is registered as a Transmission Owner, Transmission Planner, and Distribution Provider with the North American Electric Reliability Corporation (NERC). The Electric Reliability Council of Texas Independent System Operator (ERCOT ISO) is the Balancing Authority, Interchange Authority, Planning Authority, Reliability Coordinator, Resource Planner, Transmission Operator, and Transmission Service Provider for the ERCOT Region.

## **2.5 Audit Specifics**

Audit Date: July 8<sup>th</sup>-9<sup>th</sup>, 2009  
Audit Location: CenterPoint Energy Offices – Houston, TX

Texas RE Audit Team:

<b>Name</b>	<b>Company/Title</b>
David Bueche	Texas RE/Audit Team Leader
Kent Grammer	Texas RE/Auditor
Jagan Mandavilli	Texas RE/Auditor
Dan Kueker	Texas RE/Auditor
Chris Humphreys	Texas RE/Auditor
Ryan Clay	Texas RE/Auditor

CenterPoint Energy Audit Participants:

<b>Name</b>	<b>Company/Area</b>
John Brockhan	CenterPoint/Manager, Transmission Policy
Paul Rocha	CenterPoint/Transmission Planning
Donald Chandler	CenterPoint/Transmission Planning
Wayne Kemper	CenterPoint/Transmission Planning
John Kellum	CenterPoint/Transmission Operations
Michael Pakeltis	CenterPoint/Transmission Operations
Wes Woitt	CenterPoint/Transmission Planning
Erich Schoennagel	CenterPoint/Transmission Operations
Mike Kristek	CenterPoint/Substation Operations
Anthony Alford	CenterPoint/Transmission Control
Donald Sevcik	CenterPoint/Substation Operations
Lance Rumfield	CenterPoint/Substation Operations
Brad Harris	CenterPoint/Substation Operations
Martin Narendorf	CenterPoint/Substation Operations
John Hanson	CenterPoint/Transmission Planning
David Mercado	CenterPoint/Transmission Planning
Ebby John	CenterPoint/Transmission Control
Michael Cruz-Montes	CenterPoint/EECP/EEA
Kevin Morley	CenterPoint/Outages

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that CenterPoint Energy 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.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
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.	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-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

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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

### 3.2 Conclusion

CenterPoint Energy Houston Electric LLC was found in compliance with the standards that were audited.

### 3.3. Compliance Culture

CenterPoint Energy Houston Electric LLC demonstrated an outstanding culture of compliance. The management and staff of CenterPoint Energy were very cooperative and hospitable to the Texas RE's needs and methods used in performing the audit. CenterPoint Energy went above and beyond in showing compliance for all of the standards that were audited. It was obvious by the end of the audit performed by Texas RE that CenterPoint Energy takes great pride in its practices to ensure the reliability of the Bulk Power System.