

Compliance Audit Report Public Version

LCRA Transmission Services Corporation

NERC ID # NCR04091

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Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date: July 13-15, 2010
Audit Location: LCRA Transmission Services Corporation Office, Austin, TX
Report Date: June 14, 2011
Prepared By: Kent Grammer, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of LCRA Transmission Services Corporation (LCRA) was conducted on July 13-15, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on LCRA's registration as a Transmission Owner and Transmission Planner.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). The audit team reviewed the evidence and documentation provided by LCRA and conducted interviews with LCRA's personnel to assess compliance with standards applicable to LCRA at this time.

There were a total of sixteen (16) reliability standards included in the scope of this audit consisting of thirty eight (38) requirements. Based on the information and documentation provided by LCRA, the audit team found LCRA to be compliant with thirty four (34) applicable requirements. The audit team determined that three (3) requirements were not applicable to LCRA.

The audit team identified one (1) possible alleged violation(s) during the audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. This audit report includes information regarding the possible alleged violation(s). This information will be used to help determine the severity level of sanctions and penalties. The possible alleged violations will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible alleged violations will follow the same process. Any Possible Alleged Violations will be processed through the NERC and Texas RE CMEP.

The audit team reviewed and validated LCRA's recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff.

The NERC Notice of Penalty (NOP) is posted on the NERC website at the following URL: http://www.nerc.com/filez/enforcement/FinalFiled_ACP_20110131.pdf

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:

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

- Independently review LCRA's compliance with the requirements of the reliability standards that are applicable to LCRA based on the LCRA registered functions included in the scope of this audit.
- Validate compliance with applicable reliability standards from the NERC 2010 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 standards, 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 2010 and any others that may be identified by the audit team at the time of the audit applicable to a Transmission Owner and Transmission Planner. The audit was performed by four members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

Note: For the 2010 compliance program, the monitoring period for the compliance audit will generally be the last six years based the LCRA's registration as a Transmission Owner, Transmission Planner, or periods specified in individual reliability standards.

At the time of the audit, LCRA was registered as a Transmission Owner and Transmission Planner. The audit team evaluated LCRA for compliance period of June 18, 2007 to July 13, 2010.

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 for each audit team member were provided to LCRA. LCRA objected to one team member. There were no denials of access or limitations placed on any other audit team members.

2.3 Methodology

Once an audit date was set by Texas RE, LCRA was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by LCRA and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by LCRA until the last day of the review at the audit site.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with LCRA's management and supervisors. The audit team reviewed documentation provided by LCRA that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electrical System (BES).

Texas RE audit team interviewed operations personnel and reviewed documents to substantiate that the 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 clarify or stack the evidence provided by LCRA and verify documentation.

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the audit team.

The audit team reviewed, verified and validated the completion of LCRA Transmission Services Corporation's accepted and completed mitigation plans for LCRA Transmission Services Corporation's violations that were identified in the scope of this audit

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 Transmission Services Corporation is registered with the Texas Regional Entity (TRE) as a Transmission Owner (TO), Transmission Planner (TP) and as a Transmission Operator (TOP).

2.5 Audit Specifics

Audit Date: July 13-15, 2010
Audit Location: LCRA Office, Austin, TX

Texas RE Audit Team:

Company/Title	Audit Team Role
Texas RE/Sr. Compliance Analyst	Audit Team Leader
Texas RE/Compliance III Engineer	Auditor
Texas RE/Compliance III Engineer	Auditor
Texas RE/Compliance I Engineer	Auditor

LCRA's Audit Participants:

Company	Title
LCRA	TS Compliance Manger
LCRA	Associate General Counsel
LCRA	Engineering Supervisor
LCRA	Engineering Supervisor
LCRA	Manager SOCC Tech Support
LCRA	Transmission Engineer Manager
LCRA	Manager, System Planning & Protection
LCRA	Engineering Supervisor
LCRA	Auditing Supervisor, Senior Auditor
LCRA	Compliance Analyst
LCRA	Engineering Supervisor
LCRA	Line Operation District Supervisor
LCRA	Transmission Asset Manager
LCRA	Asset Performance Reliability Manager
LCRA	Coordinator/Planner
LCRA	Substation Operation
LCRA	Line Operation
LCRA	APR
LCRA	ARR
LCRA	SOCC
LCRA	Tech Support
LCRA	Planning & Scheduling
LCRA	SOCC Operations Manager
LCRA	SOCC Engineering
LCRA	System Protection
LCRA	System Planning

3.0 AUDIT RESULTS

3.1 Audit Findings

The Compliance Audit Team found that LCRA was non-compliant with the following standards and requirements:

Reliability Standard & Requirement
PRC-008 -0, R2

LCRA was found compliant with all other requirements and standards that were included in the scope of this audit.

The following table is a summary of the auditor's findings for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-002-0	R1.	Compliant
FAC-002-0	R2.	Compliant
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
FAC-003-1	R4.	Compliant
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
FAC-014-2	R4.	Compliant
FAC-014-2	R5.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	PV
PRC-010-0	R1.	Compliant
PRC-010-0	R2.	NA
PRC-011-0	R1.	NA
PRC-011-0	R2.	NA
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
TPL-001-0.1	R1.	Compliant
TPL-001-0.1	R2.	Compliant
TPL-001-0.1	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant

Reliability Standard	Requirement	Finding
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant

3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

3.3 Conclusion

The compliance audit team found that LCRA was non-compliant with the following standards and requirements:

Reliability Standard & Requirement
PRC-008 -0, R2 (Self-Reported after receiving the audit notification)

LCRA was found compliant with all other requirements and standards that were included in the scope of this audit.

3.4. Compliance Culture

LCRA's compliance culture survey was reviewed by the audit team.

LCRA was cooperative with the audit team's needs and information requests during audit process. Additional detailed information pertaining to the compliance culture of LCRA can be found in the Internal Compliance Survey.