

# Compliance Hotline Update

October 20, 2008

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# Compliance Hotline Overview

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- **Texas RE has implemented a Compliance Hotline (using Ethicspoint) for the anonymous filing of complaints about:**
  - Compliance issues
  - Accounting, conflict, ethics, HR, and other issues
- **Larry Grimm and Susan Vincent review submissions (if they are not named) and will report these to the Texas RE Advisory Committee (except for compliance complaints about market entities)**
- **Issue: We need to determine a neutral person to receive and review any possible complaints naming Larry Grimm and Susan Vincent**

# Compliance Hotline “Neutral” Resource

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- **Possible individuals to receive and review any complaints naming Larry Grimm and Susan Vincent:**
  - A Texas RE Director
    - Recommended by Texas RE for now, unless/until multiple complaints of this type are received
  - ERCOT’s Internal Auditor
    - Conflict of interest concern
  - External Auditor
    - Costly – recommended only if experience shows actual receipt of multiple conflicted complaints
- **Screen shots of the Compliance Hotline website are attached for your information**



## COMPLIANCE HOTLINE

- [File Report](#)
- [Find Report](#)

Welcome to the Compliance Hotline for Texas Regional Entity. Here you may anonymously and confidentially report issues related to Texas Regional Entity (Texas RE)—such as conflicts of interest or other concerns about ethics, or HIPPA (Health Insurance Portability and Accountability Act) or other policy violations—or any compliance complaint, issue, or activities that could involve violations of North American Electric Reliability Corporation (NERC) standards or Electric Reliability Council of Texas, Inc. (ERCOT) protocols.

The Compliance Hotline is hosted by third-party provider EthicsPoint on EthicsPoint's secure servers; it is not part of the Texas RE Web site or Intranet.

### OUR COMMITMENT

Texas RE is a functionally independent division of ERCOT. The vision of Texas RE is to preserve and enhance reliability across the ERCOT region by encouraging a culture of compliance among all users, owners, and operators of the bulk power system.

As mandated by the delegation agreement with NERC, Texas RE performs the regional entity functions described in the Energy Policy Act of 2005 for the ERCOT region. The delegation agreement was approved by the Federal Energy Regulatory Commission (FERC). Texas RE is authorized by NERC to develop, monitor, assess, and enforce compliance with NERC reliability standards within the geographic boundaries of the ERCOT region. In addition, Texas RE has been authorized by the Public Utility Commission of Texas (PUCT) and is permitted by NERC to investigate compliance with the ERCOT protocols and operating guides, working with PUCT staff regarding any potential protocol violations.

Texas RE is independent of all users, owners, and operators of the bulk power system. We appreciate your support and cooperation in helping Texas RE to (1) remain an ethical organization, from top to bottom, and (2) be aware of any compliance concerns or issues in the ERCOT region.

### FILING A REPORT

#### [File a Compliance Hotline Report](#)

You may call (888) 242-6340 toll-free (in the U.S. and Canada), or you may file a report online. After you complete your report, you will be assigned a unique code called a "report key." Write down your report key and password, and keep them in a safe place. After 4-5 business days, use your report key and password to check your report for feedback or questions.

Alternatively, you may choose to report a possible violation of a NERC reliability standard using the [NERC Compliance Hotline](#).

Complaints may also be made to NERC by calling (609) 524-7069 or by [sending an e-mail](#).

### CONFIDENTIALITY

If requested, NERC and Texas RE staff will withhold the name of the complainant in any communications with the violating entity. All information provided will be held as confidential in accordance with the NERC Rules of Procedure. As appropriate, NERC and/or Texas RE staff may informally seek additional information from the submitter and others. Texas RE staff may refer the matter for further investigation by NERC or the appropriate regional entity.


### ETHICSPPOINT IS NOT A 911 OR EMERGENCY SERVICE

Do not use this site to report events presenting an immediate threat to life or property. Reports submitted through this service may not receive an immediate response. If you require emergency assistance, please contact your local authorities.



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You are currently in the confidential and secure reporting structure of EthicsPoint. Below are the choices available to you.

Please click on the arrow (  ) to select the type of report you would like to make.

### Texas Regional Entity

 <b>Compliance Violations</b>	This Category should be selected to report possible violations of ERCOT protocols or NERC reliability standards or other compliance-related complaints.
 <b>Accounting and Auditing Matters</b>	The unethical systematic recording and analysis of the business and financial transactions associated with generally accepted accounting practices. (Examples include: misstatement of revenues, misstatement of expenses, misstatement of assets, misapplications of GAAP principles, wrongful transactions)
 <b>Conflict of Interest</b>	A conflict of interest is defined as a situation in which a person, such as a public official, an employee, or a professional, has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties. (Examples include: inappropriate vendor relations, bribery, misuse of confidential information, inappropriate customer relations)
 <b>Discrimination or Harassment</b>	Uninvited and unwelcome verbal or physical conduct directed at an employee because of his or her sex, religion, ethnicity, or beliefs. (Examples include: bias in hiring, bias in assignments, wrongful termination, bias in promotions, bias in educational decisions, unfair compensation, inappropriate language)
 <b>Embezzlement</b>	To appropriate (as property entrusted to one's care) fraudulently to one's own use. (Examples include: bookkeeping errors, misapplication of funds, and mishandling of cash)
 <b>Falsification of Contracts, Reports or Records</b>	Falsification of records consists of altering, fabricating, falsifying, or forging all or any part of a document, contract or record for the purpose of gaining an advantage, or misrepresenting the value of the document, contract or record.
 <b>Health Insurance Portability and Accountability Act</b>	This Category should be selected if there is a concern with the improper use or disclosure of Protected Health Information. Protected Health Information is information that: (1) is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse; and (2) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (i) that identifies the individual; or (ii) for which there is a reasonable basis to believe the information can be used to identify the individual.
 <b>Misconduct or Inappropriate Behavior</b>	Intentional wrongdoing; specifically: deliberate violation of a law or standard.
 <b>Sabotage or Vandalism</b>	Destruction of an employer's property (as tools or materials) or the hindering of manufacturing by discontented workers (Examples include: Equipment destruction, stealing, work slowdown, computer virus)
 <b>Substance Abuse</b>	Substance abuse is defined as the misuse of both legal and illegal drugs including alcohol. (Examples include: cocaine, narcotics, marijuana, stimulants)
 <b>Theft</b>	The act of stealing; specifically: the felonious taking and removing of personal property with intent to deprive the rightful owner of it.
 <b>Unsafe working conditions</b>	Failure of meeting requirements needed to perform all duties in a secure environment. Potential areas of harm. (Examples include: environmental damage, OSHA, EPA, supervisor directive, poor housekeeping)
 <b>Violation of Policy</b>	Willful or innocent actions that are in direct violation of company policy, procedures, code of conduct, and/or implied contractual responsibilities. (Examples include: non-disclosure agreements, hiring standards, safety, Internet usage, corporate guidelines)
 <b>Other</b>	If you feel that the definitions above do not describe the event, action or situation you are looking to report about, please use this header.

## Input Needed:

Who should receive reports naming Larry Grimm and Susan Vincent?

Good news: No reports have been filed

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