



Compliance Audit Report Public Version

**JEA
August 4-5, 2008
&
September 16-17, 2008**

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

February 11, 2009

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Executive Summary

As part of the Florida Reliability Coordinating Council, Inc. (FRCC) Compliance Monitoring and Enforcement Program (CMEP), the FRCC performs On-Site Compliance Audits of each Balancing Authority and Transmission Operator within the Region once every three years.

The FRCC 2008 Compliance Audit of JEA (JEA) was conducted on Monday August 4, 2008, Tuesday August 5, 2008, Tuesday September 16, 2008 and Wednesday September 17, 2008 at its facilities in Jacksonville, Florida.

The specific North American Electric Reliability Corporation (NERC) Reliability Standards, applicable requirements, along with JEA documentation (where required to demonstrate compliance), were reviewed by the compliance audit team. Relevant copies of documents, detailed audit team notes, Reliability Standard Audit Worksheets and the detailed basis of the findings are included in the JEA audit record file.

A total of forty (40) NERC Reliability Standards were reviewed, and the audit team found that:

- JEA was fully compliant with forty (40) standards.
- JEA was found to have zero (0) possible violations.

Audit Process

The compliance audit team followed the audit process steps that are outlined in the FRCC CMEP. The audit included the use of the NERC Reliability Standard Audit Worksheets (RSAWs) along with the NERC reliability standards for definition of requirements. The FRCC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices, as required by NERC.

Objectives

All Registered Entities are subject to audit for compliance with all reliability standards applicable to the functions for which the Entity is registered.¹ The audit objectives are to:

- Independently review JEA's compliance with the requirements of the reliability standards that are applicable to JEA based on JEA's registered functions.
- Validate compliance with applicable reliability standards from the FRCC and NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with all other requirements of the standard(s) addressed in the self-report or self-certification, and review the status of any associated mitigation plan(s).

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

- Document JEA's compliance culture.

Scope

A compliance audit will include all reliability standards applicable to the Registered Entity monitored in the NERC and FRCC Implementation Plans in the current and two previous years (back to June 18, 2007), and may include other reliability standards applicable to the Registered Entity. The scope of an on-site compliance audit can vary depending on whether it is scheduled as part of a regular, periodic scheduled audit or as part of a compliance investigation.

The specific scope of this audit included:

- Pre-audit review of submitted documentation at JEA office location and the FRCC headquarters in Tampa, FL.
- On-site audit review of JEA facilities.
- Validation of JEA's 2007 self-certification documents.
- Review of JEA compliance with the specifically monitored standards included in the 2008 FRCC Implementation Plan and did not include the period prior to June 18, 2007.
- Detailed review of procedures, plans, records (such as training and maintenance), and other documentation developed by JEA to demonstrate compliance with the applicable NERC reliability standards requirements. See Documentation table in this report for a listing of evidence submitted by JEA.

Confidentiality and Conflict of Interest

In order to ensure confidentiality and avoid conflict of interest, the FRCC required the volunteers who participated on the JEA compliance audit team to execute confidentiality agreements. The NERC representative and FRCC staff signed Non-Disclosure Acknowledgements as per the NERC Rules of Procedures. The signed documents, work history and conflict of interest forms of each audit team participant were provided to JEA in advance of the on-site audit. JEA 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. JEA accepted the audit team participants with no objections.

On-site Audit

On April 30, 2008, the FRCC submitted the 60 day notice of on-site audit to JEA by e-mail and US mail as required by the CMEP. The notice of the audit defined the process, the expectations, and a request for data submittal.

In addition, JEA was provided with a pre-audit survey, the audit scope, folders containing the RSAW's and associated reliability standards, an agenda, and a table of the reliability standards to be reviewed during the audit.

Methodology

The audit team conducted a pre-audit review of the evidence of compliance supplied by JEA, at the JEA office on July 8 and 9, 2008 and on July 21, 2008 at the FRCC office in Tampa, Florida. After an initial review of the data using the RSAWs, the audit team advised JEA that submittal of follow-up data was required for further determination and clarification of the evidence submitted.

An audit overview meeting was held with JEA via a conference call on July 28, 2008. The team leader went over the logistics and the agenda with JEA and informed JEA of the audit team's expectations while on site. During this meeting, the team leader confirmed the areas that would be investigated via an interview and requested that appropriate subject matter experts be available. JEA was in agreement with the agenda. JEA also provided the audit team with instructions of where to enter its facility and confirmed that the necessary personnel would be available during the on-site audit.

The audit team leader requested interviews with the JEA employees representing subject matter expertise regarding all of registered functions of JEA. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

The compliance audit was conducted on August 4-5 and September 16-17, 2008 at the JEA's office in Jacksonville, Florida.

Audit Overview

- Upon arrival at JEA, the team leader presented an overview of the audit agenda to JEA's audit participants. A brief discussion took place regarding the coordination of interviews. JEA was informed of when the preliminary compliance audit findings would be presented to its participants. The audit team later broke out into two groups and reviewed the audit folders requiring follow-up of additional evidence of compliance from JEA. See Documentation table in this report for letters requesting additional evidence by FRCC.

During the on-site audit, the audit team conducted interviews with the appropriate subject matter experts within the various areas to validate data and processes were being met by JEA as required by the reliability standards. The interviews confirmed JEA's personnel were well informed of the processes in accordance to their specific job function(s). The following subject areas were clarified during the on-site interviews:

- Transmission planning
- System operator tools
- Facility ratings
- Relay maintenance

The audit team had direct communication with management as well as the subject matter experts who were collectively the audit participants. These interviews, in conjunction with submitted evidence, provided the audit team with a basis for their professional judgment when validating

compliance with reliability standards. In accordance to the Generally Accepted Government Auditing Standard 3.31 - Auditors must use professional judgment in planning and performing audits and in reporting the results. The audit team was pleased with JEA's flexibility to accommodate its schedules and to be readily available to answer questions regarding the assessed reliability standards.

The audit team requested additional documentation from JEA and asked the audit participants to clarify any questions or concerns the audit team had in validating compliance.

Exit Briefing

At the completion of the compliance audit, preliminary findings were presented to JEA's audit participants. (A list of the participants is included in this report). The monitored reliability standards were summarized. JEA was informed of the following next steps:

- The draft audit report will be provided for JEA's review.
- JEA is to provide written comments to FRCC within fourteen (14) days of receipt of the draft report.
- The audit team will finalize the report and provide to FRCC Compliance Staff.
- The FRCC Compliance Staff will review the audit report and determine the initial findings of alleged violation (if any).
- The final audit report will be issued and forwarded to NERC for posting in accordance with the FRCC CMEP.
- JEA feedback of the audit process will be requested.

Company Profile

JEA is registered on the NERC compliance registry with the following designated functions: Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Interchange Authority, Load Serving Entity, Planning Authority, Resource Planner, Transmission Owner, Transmission Operator, Transmission Planner and Transmission Service Provider.

Audit Team

Audit Team Role	Title	Company
Lead	Compliance Auditor	FRCC
Member	Manager of Compliance	FRCC
Member	Compliance Auditor	FRCC
Member	Compliance Engineer	FRCC
Member	Manager, Electric Utility Strategic Planning	City of Tallahassee
Member	Executive Director	Florida Municipal

Audit Team Role	Title	Company
		Power Pool
Member Documentation Control	Compliance Program Administrator	FRCC
Member Documentation Control	Compliance Program Administrator	FRCC
Observer	Regional Compliance Program Coordinator	NERC
Observer	Electrical Engineer	Federal Energy Regulatory Commission (FERC)
Observer	Electrical Engineer	FERC
Observer	Electrical Engineer	FERC
Observer	Electrical Engineer	FERC

JEA Audit Participants

Title	Organization
Director of Electric Compliance	JEA
Director of Bulk Power Systems	JEA
Vice President of Electric Systems	JEA
Electric System Planning	JEA
Manager of Bulk Power Operations	JEA
Manager of Electric System Planning	JEA
Vice President of Fuels, Purchase Power and Compliance	JEA
Manager of Substation Maintenance	JEA
Manager of System Protection	JEA
Electric Compliance Analyst	JEA
Consultant	Dan Schmidt & Associates, Inc.
Internal Auditor	JEA
Director of T&D Maintenance	JEA

Audit Results

Findings

Reliability Standard	Requirement	Finding
BAL-001-0	R1.	Compliant
BAL-001-0	R2.	Compliant
BAL-001-0	R3.	Not Applicable
BAL-001-0	R4.	Not Applicable
BAL-002-0	R1.	Compliant
BAL-002-0	R2.	Not Applicable
BAL-002-0	R3.	Compliant
BAL-002-0	R4.	Compliant
BAL-002-0	R5.	Compliant
BAL-002-0	R6.	Compliant
BAL-003-0	R1.	Compliant
BAL-003-0	R2.	Compliant
BAL-003-0	R3.	Compliant
BAL-003-0	R4.	Compliant
BAL-003-0	R5.	Compliant
BAL-003-0	R6.	Not Applicable
BAL-004-0	R1.	Not Applicable
BAL-004-0	R2.	Not Applicable
BAL-004-0	R3.	Compliant
BAL-004-0	R4.	Not Applicable
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	Compliant
BAL-005-0	R3.	Not Applicable
BAL-005-0	R4.	Not Applicable
BAL-005-0	R5.	Not Applicable
BAL-005-0	R6.	Compliant
BAL-005-0	R7.	Compliant
BAL-005-0	R8.	Compliant
BAL-005-0	R9.	Compliant

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Reliability Standard	Requirement	Finding
BAL-005-0	R10.	Compliant
BAL-005-0	R11.	Compliant
BAL-005-0	R12.	Compliant
BAL-005-0	R13.	Compliant
BAL-005-0	R14.	Compliant
BAL-005-0	R15.	Compliant
BAL-005-0	R16.	Compliant
BAL-005-0	R17.	Compliant
BAL-006-1	R1.	Compliant
BAL-006-1	R2.	Compliant
BAL-006-1	R3.	Compliant
BAL-006-1	R4.	Compliant
BAL-006-1	R5.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-001-1	R1	Compliant
COM-001-1	R2.	Compliant
COM-001-1	R3.	Compliant
COM-001-1	R4.	Compliant
COM-001-1	R5.	Compliant
COM-001-1	R6.	Not Applicable
COM-002-2	R1.	Compliant
COM-002-2	R2.	Not Applicable
EOP-001-0	R1.	Compliant
EOP-001-0	R2.	Compliant
EOP-001-0	R3.	Compliant
EOP-001-0	R4.	Compliant
EOP-001-0	R5.	Compliant
EOP-001-0	R6.	Compliant
EOP-001-0	R7.	Compliant
EOP-002-2	R1.	Compliant
EOP-002-2	R2.	Compliant
EOP-002-2	R3.	Compliant
EOP-002-2	R4.	Compliant
EOP-002-2	R5.	Compliant
EOP-002-2	R6.	Compliant
EOP-002-2	R7.	Compliant

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Reliability Standard	Requirement	Finding
EOP-002-2	R8.	Not Applicable
EOP-002-2	R9.	Not Applicable
EOP-003-1	R1.	Not Applicable
EOP-003-1	R2.	Compliant
EOP-003-1	R3.	Compliant
EOP-003-1	R4.	Compliant
EOP-003-1	R5.	Compliant
EOP-003-1	R6.	Not Applicable
EOP-003-1	R7.	Compliant
EOP-003-1	R8.	Compliant
EOP-004-1	R1.	Not Applicable
EOP-004-1	R2.	Not Applicable
EOP-004-1	R3.	Not Applicable
EOP-004-1	R4.	Not Applicable
EOP-004-1	R5.	Not Applicable
EOP-005-1	R1.	Compliant
EOP-005-1	R2.	Compliant
EOP-005-1	R3.	Compliant
EOP-005-1	R4.	Compliant
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R8.	Compliant
EOP-005-1	R9.	Compliant
EOP-005-1	R10.	Compliant
EOP-005-1	R11.	Not Applicable
EOP-008-0	R1.	Compliant
EOP-009-0	R1.	Compliant
EOP-009-0	R2.	Compliant
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
FAC-003-1	R4.	Not Applicable
FAC-008-1	R1.	Compliant

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Reliability Standard	Requirement	Finding
FAC-008-1	R2.	Not Applicable
FAC-008-1	R3.	Not Applicable
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
FAC-013-1	R1.	Not Applicable
FAC-013-1	R2.	Not Applicable
INT-001-2	R1.	Not Applicable
INT-001-2	R2.	Compliant
INT-003-2	R1.	Compliant
INT-004-1	R1.	Compliant
INT-004-1	R2.	Not Applicable
IRO-001-1	R1.	Not Applicable
IRO-001-1	R2.	Not Applicable
IRO-001-1	R3.	Not Applicable
IRO-001-1	R4.	Not Applicable
IRO-001-1	R5.	Not Applicable
IRO-001-1	R6.	Not Applicable
IRO-001-1	R7.	Not Applicable
IRO-001-1	R8.	Not Applicable
IRO-001-1	R9.	Not Applicable
IRO-004-1	R1.	Not Applicable
IRO-004-1	R2.	Not Applicable
IRO-004-1	R3.	Compliant
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	Not Applicable
IRO-004-1	R6.	Not Applicable
IRO-004-1	R7.	Not Applicable
IRO-005-1	R1.	Not Applicable

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Reliability Standard	Requirement	Finding
IRO-005-1	R2.	Not Applicable
IRO-005-1	R3.	Not Applicable
IRO-005-1	R4.	Not Applicable
IRO-005-1	R5.	Not Applicable
IRO-005-1	R6.	Not Applicable
IRO-005-1	R7.	Not Applicable
IRO-005-1	R8.	Not Applicable
IRO-005-1	R9.	Not Applicable
IRO-005-1	R10.	Not Applicable
IRO-005-1	R11.	Not Applicable
IRO-005-1	R12.	Not Applicable
IRO-005-1	R13.	Not Applicable
IRO-005-1	R14.	Compliant
IRO-005-1	R15.	Not Applicable
IRO-005-1	R16.	Not Applicable
IRO-005-1	R17.	Not Applicable
IRO-006-3	R1.	Not Applicable
IRO-006-3	R2.	Not Applicable
IRO-006-3	R3.	Not Applicable
IRO-006-3	R4.	Not Applicable
IRO-006-3	R5.	Not Applicable
IRO-006-3	R6.	Not Applicable
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R3.	Compliant
PER-002-0	R4.	Compliant
PER-003-0	R1.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Compliant

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Reliability Standard	Requirement	Finding
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Complaint
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	Not Applicable
PRC-010-0	R2.	Not Applicable
PRC-011-0	R1.	Not Applicable
PRC-011-0	R2.	Not Applicable
PRC-016-0	R1.	Not Applicable
PRC-016-0	R2.	Not Applicable
PRC-016-0	R3.	Not Applicable
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-021-1	R1.	Not Applicable
PRC-021-1	R2.	Not Applicable
TOP-002-2	R1.	Compliant
TOP-002-2	R2.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
TOP-002-2	R5.	Compliant
TOP-002-2	R6.	Compliant
TOP-002-2	R7.	Compliant
TOP-002-2	R8.	Compliant
TOP-002-2	R9.	Compliant
TOP-002-2	R10.	Compliant
TOP-002-2	R11.	Compliant
TOP-002-2	R12.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	Compliant
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant

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Reliability Standard	Requirement	Finding
TOP-002-2	R19.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	Not Applicable
TOP-004-1	R1.	Compliant
TOP-004-1	R2.	Compliant
TOP-004-1	R3.	Compliant
TOP-004-1	R4.	Compliant
TOP-004-1	R5.	Compliant
TOP-004-1	R6.	Compliant
TOP-005-1	R1.	Compliant
TOP-005-1	R2.	Compliant
TOP-005-1	R3.	Compliant
TOP-005-1	R4.	Not Applicable
TOP-007-0	R1.	Compliant
TOP-007-0	R2.	Compliant
TOP-007-0	R3.	Compliant
TOP-007-0	R4.	Not Applicable
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
VAR-001-1	R1.	Compliant
VAR-001-1	R2.	Compliant
VAR-001-1	R3.	Not Applicable
VAR-001-1	R4.	Compliant
VAR-001-1	R5.	Not Applicable
VAR-001-1	R6.	Compliant
VAR-001-1	R7.	Compliant
VAR-001-1	R8.	Compliant

Reliability Standard	Requirement	Finding
VAR-001-1	R9.	Compliant
VAR-001-1	R10.	Compliant
VAR-001-1	R11.	Not Applicable
VAR-001-1	R12.	Not Applicable
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Not Applicable
VAR-002-1	R5.	Not Applicable

Compliance Culture

The JEA compliance culture was not reviewed by the audit team. The Regional Entity compliance staff will review the JEA's compliance culture at a later date.