



Compliance Audit Report Public

**Reedy Creek Improvement District
September 29 to October 2, 2008**

NERC ID – NCR 00065

**“Confidential Information (Including Privileged and
Critical Energy Infrastructure Information) Has Been
Removed”**

January 23, 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 Reedy Creek Improvement District (RCI) was conducted on Monday September 29, 2008 to Thursday October 2, 2008 at its facilities in Lake Buena Vista, Florida.

The specific North American Electric Reliability Corporation (NERC) Reliability Standards, applicable requirements, along with RCI 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 RCI audit record file.

A total of thirty-one (31) NERC Reliability Standards were reviewed, and the audit team found that:

- RCI was fully compliant with twenty-three (23) standards.
- Eight (8) of the standards were not applicable to RCI.
- RCI 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 RCI’s compliance with the requirements of the reliability standards that are applicable to RCI based on RCI’s registered functions.
- Validate compliance with applicable reliability standards from the FRCC and NERC 2008 Implementation Plan list of actively monitored standards.

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

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- 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).
- Document RCI’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 three previous years, 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:

- Review of submitted documentation at RCI office location.
- On-site audit review of RCI facilities.
- Validation of RCI’s 2007 self-certification documents.
- Review of RCI 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 RCI to demonstrate compliance with the applicable NERC reliability standards requirements. See Documentation table in this report for a listing of evidence submitted by RCI.

Confidentiality and Conflict of Interest

In order to ensure confidentiality and avoid conflict of interest, the FRCC required the volunteers who participated on the RCI 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 RCI in advance of the on-site audit. RCI 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. RCI accepted the audit team participants with no objections.

On-site Audit

On July 11, 2008, the FRCC submitted the 60 day notice of on-site audit to RCI 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, RCI 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.

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Methodology

The audit team conducted a pre-audit review of the evidence of compliance supplied by RCI, at the RCI office on September 29, 2008 to October 2, 2008. After an initial review of the data using the RSAWs, the audit team advised RCI that submittal of follow-up data was required for further determination and clarification of the evidence submitted. Letters from FRCC to RCI, dated September 8, 2008, September 29, 2008 and September 30, 2008, with RCI responses, included in the list of Documentation.

An audit overview meeting was held with RCI via a conference call on August 25, 2008. The team leader went over the logistics and the agenda with RCI and informed RCI 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. RCI was in agreement with the agenda. RCI 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 RCI employees representing subject matter expertise regarding all of registered functions of RCI. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Audit Overview

Upon arrival at RCI, the team leader presented an overview of the audit agenda to RCI’s audit participants. A brief discussion took place regarding the coordination of interviews. RCI 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 RCI.

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 RCI as required by the reliability standards. The interviews confirmed RCI’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:

- System operator tools
- Emergency plans

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 RCI’s flexibility to accommodate its schedules and to be readily available to answer questions regarding the assessed reliability standards.

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The audit team requested additional documentation from RCI and asked the audit participants to clarify any questions or concerns the audit team had in validating compliance. If a possible violation was determined, the team discussed their findings as to where RCI may have failed to provide evidence of compliance and reached a team consensus.

Exit Briefing

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

- The draft audit report will be provided for RCI's review.
- RCI 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(s), if any.
- Notice of alleged violation and penalty will be submitted to RCI, if any.
- The final audit report will be issued and forwarded to NERC for posting in accordance with the FRCC CMEP.
- RCI feedback of the audit process will be requested.

Company Profile

RCI is registered on the NERC compliance registry with the following designated functions: Balancing Authority, Distribution Provider, Load Serving Entity, Purchasing Selling Entity, Resource Planner, and Interchange Authority.

REEDY CREEK IMPROVEMENT DISTRICT (District)

The District is a public corporation of the State of Florida and is located in Orange and Osceola Counties in central Florida.

PURPOSE

The Reedy Creek Improvement District, in accord with its enabling legislation, is responsible to the owners of land within the District and the public to provide for surface water control and drainage, utilities and mosquito control; roads and bridges; land use regulation and planning; fire protection; emergency medical services; environmental services; data collection and evaluation; building and other construction codes enforcement and inspections; and interface with local, regional, state and federal regulatory agencies.

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Audit Specifics

The compliance audit was conducted on September 29 to October 2, 2008 at the RCI office in Lake Buena Vista, Fl.

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 Control Center Operations	Seminole Electric Cooperative, Inc.
Member	Director Energy Control Center	Tampa Electric Co.
Observer	Regional Compliance Program Coordinator	NERC

Reedy Creek Improvement District Audit Participants

Title
Manager, Electric Operations
Director, Electric Operations
Regulatory Compliance Administrator
Sr. Energy Business Coordinator
Director, Utility Business Affairs
Project Manager of Network Services
Manager, Energy Planning
Director, Reedy Creek Energy Services
ECC Supervisor
Principal Electrical

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Title
Engineer
Senior Programmer/Analyst
Energy Systems Coordinator
Energy Systems Coordinator
Energy Systems Coordinator

Audit Results

Findings

Audit Findings Summary Table

Reliability Standard	Requirement	Finding
BAL-001-0	R1.	Not Applicable
BAL-001-0	R2.	Not Applicable
BAL-001-0	R3.	Not Applicable
BAL-001-0	R4.	Compliant
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.	Not Applicable
BAL-003-0	R4.	Not Applicable
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.	Not Applicable
BAL-005-0	R3.	Not Applicable
BAL-005-0	R4.	Not Applicable

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Reliability Standard	Requirement	Finding
BAL-005-0	R5.	Compliant
BAL-005-0	R6.	Compliant
BAL-005-0	R7.	Not Applicable
BAL-005-0	R8.	Compliant
BAL-005-0	R9.	Compliant
BAL-005-0	R10.	Not Applicable
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.	Not Applicable
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-001-1	R2.	Compliant
COM-001-1	R5.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	Not Applicable
EOP-001-0	R1.	Compliant
EOP-001-0	R2.	Not Applicable
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.	Not Applicable
EOP-002-2	R3.	Not Applicable
EOP-002-2	R4.	Not Applicable
EOP-002-2	R5.	Not Applicable
EOP-002-2	R6.	Not Applicable
EOP-002-2	R7.	Not Applicable
EOP-002-2	R8.	Not Applicable
EOP-002-2	R9.	Not Applicable

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Reliability Standard	Requirement	Finding
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.	Compliant
EOP-004-1	R3.	Not Applicable
EOP-004-1	R4.	Not Applicable
EOP-004-1	R5.	Not Applicable
EOP-005-1	R1.	Not Applicable
EOP-005-1	R2.	Not Applicable
EOP-005-1	R3.	Not Applicable
EOP-005-1	R4.	Not Applicable
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R8.	Not Applicable
EOP-005-1	R9.	Not Applicable
EOP-005-1	R10.	Not Applicable
EOP-005-1	R11.	Not Applicable
EOP-008-0	R1.	Compliant
INT-001-2	R1.	Not Applicable
INT-001-2	R2.	Not Applicable
INT-003-2	R1.	Compliant
INT-004-1	R1.	Not Applicable
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

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Reliability Standard	Requirement	Finding
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
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.	Not Applicable
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-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
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

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Reliability Standard	Requirement	Finding
TOP-002-2	R9.	Compliant
TOP-002-2	R10.	Compliant
TOP-002-2	R11.	Not Applicable
TOP-002-2	R12.	Not Applicable
TOP-002-2	R13.	Not Applicable
TOP-002-2	R14.	Not Applicable
TOP-002-2	R15.	Not Applicable
TOP-002-2	R16.	Not Applicable
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant
TOP-003-0	R1.	Not Applicable
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	Not Applicable
TOP-005-1	R1.	Compliant
TOP-005-1	R2.	Not Applicable
TOP-005-1	R3.	Not Applicable
TOP-005-1	R4.	Not Applicable
VAR-001-1	R1.	Not Applicable
VAR-001-1	R2.	Not Applicable
VAR-001-1	R3.	Not Applicable
VAR-001-1	R4.	Not Applicable
VAR-001-1	R5.	Compliant
VAR-001-1	R6.	Not Applicable
VAR-001-1	R7.	Not Applicable
VAR-001-1	R8.	Not Applicable
VAR-001-1	R9.	Not Applicable
VAR-001-1	R10.	Not Applicable
VAR-001-1	R11.	Not Applicable
VAR-001-1	R12.	Not Applicable
VAR-002-1	R1.	Not Applicable
VAR-002-1	R2.	Not Applicable
VAR-002-1	R3.	Not Applicable
VAR-002-1	R4.	Not Applicable
VAR-002-1	R5.	Not Applicable

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Compliance Culture

The Reedy Creek Improvement District compliance culture was not reviewed by the audit team. The Regional Entity compliance staff will review the Reedy Creek Improvement District compliance culture.