



Compliance Audit Report Public Version

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

**Ft. Pierce Utilities Authority
NCR00027**

June 10 to 11, 2009

TABLE OF CONTENTS

Executive Summary.....	3
Audit Process.....	3
<i>Objectives</i>	3
<i>Scope</i>	4
<i>Confidentiality and Conflict of Interest</i>	4
<i>On-site Audit</i>	4
<i>Methodology</i>	5
<i>Audit Overview</i>	5
<i>Exit Briefing</i>	6
<i>Company Profile</i>	6
<i>Audit Specifics</i>	6
Audit Results	8
<i>Compliance Culture</i>	10
Documentation	14

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 Distribution Provider, Generator Operator and Transmission Owner within the Region once every six (6) years.

The FRCC 2009 Compliance Audit of Ft. Pierce Utilities Authority (FTP) was conducted on Tuesday June 10, 2009 and Wednesday June 11, 2009 at its offices in Ft. Pierce, Florida.

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

A total of fifteen (15) NERC Reliability Standards were reviewed, and the audit team found that:

- FTP was fully compliant with eleven (11) standards.
- Two (2) of the standards was not applicable to FTP
- FTP was found to have possible violations of two (2) standards.

The FTP Notice of Penalty can be found at the following NERC website link:
http://www.nerc.com/filez/enforcement/FinalFiled_ANOP_NOC-228.pdf

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 Registered Entity is registered.¹ The audit objectives are to:

- Independently review FTP's compliance with the requirements of the reliability standards that are applicable to FTP based on FTP's registered functions.

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

- Validate compliance with applicable reliability standards from the NERC 2009 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 FTP'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 (back to June 18, 2007), and may include other reliability standards applicable to the Registered Entity. The scope of an on-site compliance can vary depending on whether it is scheduled as part of a regular, periodic scheduled audit or as part of a compliance investigation.

The scope of this audit included:

- Pre-audit review of FTP's submitted documentation at the FRCC's office.
- Review of submitted documentation at FTP's office location.
- On-site review of FTP's back-up Control Facility.
- Validation of FTP's 2008 self-certification documents.
- Review of FTP compliance with the specifically monitored standards included in the 2009 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 FTP to demonstrate compliance with the applicable NERC reliability standards requirements. See Documentation table in this report for a listing of evidence submitted by FTP.

Confidentiality and Conflict of Interest

In order to ensure confidentiality and avoid possible conflict of interest, the FRCC compliance 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 FTP in advance of the on-site audit. FTP 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. FTP accepted the audit team participants with no objections.

On-site Audit

On March 27, 2009, the FRCC submitted the 60 day notice of on-site audit to FTP 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, FTP 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 FTP, at the FRCC office on June 8, 2009. The audit team conducted an additional audit review of the evidence of compliance supplied by FTP, at the FTP offices on June 10, 2009 thru June 11, 2009. After initial review of the data using the RSAWs, the audit team advised FTP that submittal of follow-up data was required for further determination and clarification of the evidence submitted. Letters from Mr. B. Pagel to FTP's compliance contact, dated June 10, 2009 (request #1 and request #2) together with FTP responses, and is included in the list of Documentation.

An audit overview meeting was held with FTP via a conference call on May 29, 2009. The team leader went over the logistics and the agenda with FTP and informed the FTP 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. FTP was in agreement with the agenda. FTP also provided the audit team with instructions of where to enter its facility and confirmed the necessary personnel would be available during the audit.

These interviews in conjunction with FTP supplied evidence provided the audit team with a basis for professional judgment when validating compliance with the reliability standards.

Audit Overview

Upon arrival at FTP, the audit team leader presented an overview of the audit agenda to FTP's audit participants. A brief discussion took place regarding the coordination of interviews. FTP was informed when the preliminary compliance audit findings would be presented to its participants. The audit team reviewed the audit folders requiring follow-up of additional evidence of compliance from FTP.

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 FTP as required by the reliability standards. The interviews confirmed FTP'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
- Protection System Program

The audit team had direct communications 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 FTP’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 FTP and asked the audit participants to clarify questions or concerns the audit team had in validating compliance. If a possible violation was determined, the team discussed their findings as to where FTP 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 FTP’s audit participants. (A list of the participants is included in this report). The monitored reliability standards were summarized. FTP was informed of the following next steps:

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

Company Profile

FTP is registered on the NERC (NCR00027) compliance registry with the following functions: Distribution Provider, Generation Operator, and Transmission Owner.

Audit Specifics

The compliance audit was conducted on June 10, 2009 to June 11, 2009 at the FTP office facility in Ft. Pierce, FL.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Compliance	FRCC

Audit Team Role	Title	Company
	Auditor	
Member	Compliance Auditor	FRCC
Member	Compliance Program Administrator	FRCC

FTP Audit Participants

Title
Director of Electric and Gas Systems
Superintendent Electric Transmission & Distribution
Plant Manager Treasure Coast Energy Center
Assistant Plant Manager Treasure Coast Energy Center
Assistant Superintendent of Electric T & D
Supervising Engineer
Operations & Short-term Planning Engineer (FMPA)
SCADA/Relay Technician
Shift Leader

Audit Results

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
FAC-001-0	R1.	Compliant
FAC-001-0	R1.1.	Compliant
FAC-001-0	R1.2.	Compliant
FAC-001-0	R1.3.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R2.1	Compliant
FAC-001-0	R2.1.1	Compliant
FAC-001-0	R2.1.2	Compliant
FAC-001-0	R2.1.3.	Compliant
FAC-001-0	R2.1.4.	Compliant
FAC-001-0	R2.1.5.	Compliant
FAC-001-0	R2.1.6.	Compliant
FAC-001-0	R2.1.7.	Compliant
FAC-001-0	R2.1.8.	Compliant
FAC-001-0	R2.1.9.	Compliant
FAC-001-0	R2.1.10.	Compliant
FAC-001-0	R2.1.11.	Compliant
FAC-001-0	R2.1.12.	Compliant
FAC-001-0	R2.1.13.	Compliant
FAC-001-0	R2.1.14.	Compliant
FAC-001-0	R2.1.15.	Compliant
FAC-001-0	R2.1.16.	Compliant
FAC-001-0	R3.	Compliant
FAC-003-1	R1.	Not Applicable
FAC-003-1	R1.1	Not Applicable
FAC-003-1	R1.2.	Not Applicable
FAC-003-1	R1.2.1.	Not Applicable
FAC-003-1	R1.2.2	Not Applicable

Confidential Information (including Privileged and
Critical Energy Infrastructure Information) – Has been Removed

Reliability Standard	Requirement	Finding
FAC-003-1	R1.2.2.1.	Not Applicable
FAC-003-1	R1.2.2.2.	Not Applicable
FAC-003-1	R1.3.	Not Applicable
FAC-003-1	R1.4.	Not Applicable
FAC-003-1	R1.5.	Not Applicable
FAC-003-1	R2.	Not Applicable
FAC-008-1	R1.	Possible Violation
FAC-008-1	R1.1	Compliant
FAC-008-1	R1.2	Compliant
FAC-008-1	R1.2.1.	Possible Violation
FAC-008-1	R1.2.2.	Compliant
FAC-008-1	R1.3.	Compliant
FAC-008-1	R1.3.1	Compliant
FAC-008-1	R1.3.2.	Compliant
FAC-008-1	R1.3.3	Compliant
FAC-008-1	R1.3.4.	Compliant
FAC-008-1	R1.3.5.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R2.1.	Compliant
PRC-001-1	R3.1.	Compliant
PRC-001-1	R5.	Compliant
PRC-001-1	R5.1.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R1.1.	Compliant
PRC-005-1	R1.2.	Compliant
PRC-005-1	R2.	Possible Violation

Reliability Standard	Requirement	Finding
PRC-005-1	R2.1.	Possible Violation
PRC-005-1	R2.2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-017-0	R1.	Not Applicable
PRC-017-0	R1.1.	Not Applicable
PRC-017-0	R1.1.1.	Not Applicable
PRC-017-0	R1.1.2.	Not Applicable
PRC-017-0	R1.1.3.	Not Applicable
PRC-017-0	R1.1.4.	Not Applicable
PRC-017-0	R1.2.	Not Applicable
PRC-017-0	R1.3.	Not Applicable
PRC-017-0	R1.4.	Not Applicable
PRC-017-0	R1.5.	Not Applicable
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R7.1.	Compliant
TOP-001-1	R7.3.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R14.1	Compliant
TOP-002-2	R14.2	Not Applicable
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant

Compliance Culture

The FTP's compliance culture was reviewed by the audit team via an interview with the Compliance Manager.