



Compliance Audit Report Public Version

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

**FLORIDA MUNICIPAL POWER POOL
February 16-20, 2009**

NCR ID# NCR00023

April 6, 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 a minimum of once every three years.

The FRCC 2009 Compliance Audit of Florida Municipal Power Pool (FMPP) was conducted on Monday February 16, 2009 thru Friday February 20, 2009 at its facilities in Orlando, Florida. FMPP has contracted its Balancing Authority functions to the Orlando Utilities Commission.

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

A total of twenty two (22) NERC Reliability Standards were reviewed, and the audit team found that:

- FMPP was fully compliant with twenty two (22) standards.
- FMPP 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 FMPP's compliance with the requirements of the reliability standards that are applicable to FMPP based on FMPP's registered functions.
- Validate compliance with applicable reliability standards from the FRCC and NERC 2009 Implementation Plan list of actively monitored standards.

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

- 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 FMPP'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 the FRCC headquarters in Tampa, FL.
- On-site audit review of FMPP facilities.
- Review of FMPP 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 FMPP to demonstrate compliance with the applicable NERC reliability standards requirements. See Documentation table in this report for a listing of evidence submitted by FMPP.

Confidentiality and Conflict of Interest

In order to ensure confidentiality and avoid conflict of interest the NERC representatives 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 FMPP in advance of the on-site audit. FMPP 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. FMPP accepted the audit team participants with no objections.

On-site Audit

On December 10, 2008, the FRCC submitted the 60 day notice of on-site audit to FMPP 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, FMPP 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 FMPP, on February 5 and 6, 2009 at the FRCC office in Tampa, Florida. After an initial review of the data using the RSAWs, the audit team advised FMPP that submittal of follow-up data was required for further determination and clarification of the evidence submitted.

An audit overview meeting was held with FMPP via a conference call on February 9, 2009. The team leader went over the logistics and the agenda with FMPP and informed FMPP 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. FMPP was in agreement with the agenda. FMPP 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 FMPP/OUC employees representing subject matter expertise regarding all of the registered functions of FMPP. 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 February 16 - 20, 2009 at the FMPP's office in Orlando, Florida.

Audit Overview

- Upon arrival at FMPP, the team leader presented an overview of the audit agenda to FMPP's audit participants. A brief discussion took place regarding the coordination of interviews. FMPP was informed of when the preliminary compliance audit findings would be presented to its participants. The audit team later reviewed the audit folders requiring follow-up of additional evidence of compliance from FMPP. 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 FMPP as required by the reliability standards. The interviews confirmed FMPP'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
- System operator functions.
- System operator training.

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 FMPP'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 FMPP 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 FMPP's audit participants. (A list of the participants is included in this report). The monitored reliability standards were summarized. FMPP was informed of the following next steps:

- The draft audit report will be provided for FMPP's review.
- FMPP 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.
- FMPP feedback of the audit process will be requested.

Company Profile

FMPP is registered on the NERC compliance registry with the following designated functions: Balancing Authority, Interchange Authority, and Purchasing Selling Entity.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Compliance Auditor	FRCC
Member	Compliance Auditor	FRCC
Member Documentation Control	Compliance Program Administrator	FRCC
Observer	Manager of Compliance Audit and Interfaces	NERC

FMPP Audit Participants

Title	Organization
Executive Director	FMPP
Manager of Standards Compliance	OUC
Coordinator Standards Compliance	OUC
System Protection Manager	OUC
ECC Coordinator	OUC
System Operator	OUC
System Operator	OUC

Audit Results

Findings

Reliability Standard	Requirement	Finding
BAL-002-0	R1.	Compliant
BAL-002-0	R1.1	Compliant
BAL-002-0	R3.	Not Applicable
BAL-002-0	R3.1	Not Applicable
BAL-005-0b	R2.	Compliant
BAL-005-0b	R10.	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	R1.1	Compliant
COM-001-1	R1.2	Compliant
COM-001-1	R1.3	Compliant
COM-001-1	R1.4	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R1.1.	Compliant
EOP-001-0	R1.	Compliant
EOP-001-0	R3.	Compliant
EOP-001-0	R3.1.	Compliant
EOP-001-0	R3.2.	Compliant
EOP-001-0	R3.3.	Compliant
EOP-001-0	R3.4.	Compliant

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Reliability Standard	Requirement	Finding
EOP-001-0	R4.	Compliant
EOP-001-0	R4.1.	Compliant
EOP-001-0	R4.2.	Compliant
EOP-001-0	R4.3.	Compliant
EOP-001-0	R4.4.	Compliant
EOP-001-0	R5.	Compliant
EOP-001-0	R6.	Compliant
EOP-001-0	R7.	Compliant
EOP-001-0	R7.1.	Compliant
EOP-001-0	R7.2.	Compliant
EOP-001-0	R7.3.	Compliant
EOP-001-0	R7.4.	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	R6.1.	Compliant
EOP-002-2	R6.2.	Compliant
EOP-002-2	R6.3.	Compliant
EOP-002-2	R6.4.	Compliant
EOP-002-2	R6.5.	Compliant
EOP-002-2	R6.6.	Compliant
EOP-002-2	R7.	Compliant
EOP-002-2	R7.1.	Compliant
EOP-002-2	R7.2.	Compliant
EOP-003-1	R1.	Compliant
EOP-003-1	R2.	Compliant
EOP-003-1	R3.	Compliant
EOP-003-1	R4.	Compliant
EOP-003-1	R5.	Compliant
EOP-003-1	R6.	Compliant
EOP-003-1	R7.	Compliant
EOP-003-1	R8.	Compliant
EOP-005-1	R1.	Not Applicable
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R11.	Compliant

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Reliability Standard	Requirement	Finding
EOP-005-1	R11.2.	Compliant
EOP-005-1	R11.3.	Compliant
EOP-008-0	R1.	Compliant
EOP-008-0	R1.1.	Compliant
EOP-008-0	R1.2.	Compliant
EOP-008-0	R1.3.	Compliant
EOP-008-0	R1.4.	Compliant
EOP-008-0	R1.5.	Compliant
EOP-008-0	R1.6.	Compliant
EOP-008-0	R1.7.	Compliant
EOP-008-0	R1.8.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R3.	Not Applicable
IRO-004-1	R4.	Compliant
IRO-004-1	R7.	Compliant
IRO-005-1	R8.	Compliant
IRO-005-1	R13.	Compliant
IRO-006-3	R6.	Compliant
PER-001-0	R1.	Compliant
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R2.1.	Compliant
PER-002-0	R2.2.	Compliant
PER-002-0	R3.	Compliant
PER-002-0	R3.1.	Compliant
PER-002-0	R3.2.	Compliant
PER-002-0	R3.3.	Compliant
PER-002-0	R3.4.	Compliant
PER-002-0	R4.	Compliant
PER-003-0	R1.	Compliant
PER-003-0	R1.1.	Compliant
PER-003-0	R1.2.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R6.	Not Applicable
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Not Applicable
TOP-001-1	R7.1.	Not Applicable
TOP-001-1	R8.	Compliant

Reliability Standard	Requirement	Finding
TOP-002-2	R1.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
TOP-002-2	R9.	Compliant
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant
TOP-006-1	R2.	Compliant
TOP-006-1	R6.	Compliant
TOP-006-1	R7.	Compliant
VAR-001-1	R5.	Compliant

Compliance Culture

The FMPP compliance program and culture was reviewed by the audit team, in addition the Executive Director of FMPP was interviewed to verify the compliance program and its culture.