



NORTHEAST POWER COORDINATING COUNCIL, INC.  
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# **Compliance Audit Report Public Version**

**Florida Power and Light - New England  
Division  
NCR07091**

**August 17 to September 9, 2009**

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

**September 9, 2009**

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## Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

The off-site compliance audit of Florida Power and Light - New England Division (FPL-NED), NERC ID #NCR07091 was conducted between August 17 and September 9, 2009. At the time of the audit, FPL-NED was registered for the TO and TSP functions. The audit was completed using data submitted by FPL-NED prior to the start of the off-site audit and data provided as a result of questions that arose during the audit. The audit was performed by NPCC to demonstrate compliance within the NPCC footprint.

The auditor evaluated FPL-NED's compliance with 12 reliability standards and 24 requirements in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed reliability standards identified in the NERC 2009 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each reliability standard.

Of the 12 standards and 24 requirements audited for the functions FPL-NED is registered, 9 standards and 18 requirements were judged to be compliant and 3 standards and 6 requirements were judged to be not applicable.

FPL-NED staff provided overviews of each standard, resulting in a more clear understanding of their business model and accelerated the audit process. The evidence provided to demonstrate compliance was well presented and well organized. The audit team would like to thank the FPL-NED staff for their support offered throughout the audit.

There was one recently completed mitigation plan reviewed by the audit team, which was determined to be successfully implemented.

## Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

### **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.<sup>1</sup> The audit objectives are to:

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Independently review Florida Power and Light - New England Division's compliance with the requirements of the reliability standards that are applicable to FPL-NED based on FPL-NED's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards and additional NERC reliability standards selected by NERC.
- Validate compliance with applicable Regional Standards from the NPCC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications and confirm compliance with other requirements of the reliability standard.
- Review the status of associated mitigation plans.
- Observe and document Florida Power and Light - New England Division's compliance program and culture.

### **Scope**

The audit included all standards identified in the June 4, 2009 audit letter. The audit was a regularly scheduled audit and no compliance investigations were involved in the audit. FPL-NED had self-reported a violation of PRC-005 on May 31, 2007. FPL-NED self-reported non-compliance with PRC-005 R1 due to lack of full documentation. A mitigation plan was agreed to and was completed on November 21, 2007. The audit results confirmed the mitigation plan had been successfully implemented. The audit was performed by NPCC to demonstrate compliance within the NPCC footprint.

At the time of the audit, FPL-NED was registered for the functions TO and TSP. The audit team evaluated FPL-NED for compliance during the period of June 18, 2007 to September 9, 2009.

### **Confidentiality and Conflict of Interest**

Confidentiality and Conflict of Interest of the audit team are governed under the Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure.

The audited entity was informed in advance of the audit that the independent contractors executed confidentiality agreements and code of conduct documentation was in place for the NERC representative and regional entity staff. Work history and conflict of interest forms submitted by each audit team member are on file in the NPCC corporate offices. The audited entity 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. The audited entity accepted the audit team member with no objections.

### ***Off-site Audit***

FPL-NED was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to FPL-NED more than 60 days in advance of the scheduled audit. This was an off-site audit conducted every six years or as determined to be necessary by the region. FPL-NED had not self-reported any violations. FPL-NED was registered as a TO and a TSP in NPCC.

In all cases, the auditors requested interviews with FPL-NED employees representing subject matter expertise regarding all of the registered functions of FPL-NED. These interviews resulted in data requests that in conjunction with the submitted evidence would provide the auditor with a basis for professional judgment when validating compliance with reliability standards.

### ***Methodology***

The auditors prepared reliability standards auditor worksheets (RSAWs) to evaluate each standard. The RSAW's are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form a portion of the audit trail are referenced in the RSAW's.

### ***Audit Overview***

The audit overview was provided to FPL-NED via conference call on August 4, 2009 between NPCC, NERC and FPL-NED staff. The audit leader member reviewed his career and noted they had signed confidentiality agreements. A brief explanation of the audit process was given and the timelines were discussed. FPL-NED was given an opportunity to reject the auditors but accepted the auditors and their credentials for this audit.

### ***Audit***

The audit lead performed the audit off-site. Prior to calls to FPL-NED, the auditor developed a list of questions for FPL-NED and provided the questions via email. FPL-NED then took the time necessary to develop the answer and submitted them by email to the auditor.

### ***Exit Briefing***

The exit briefing was conducted by conference call on September 9, 2009 between NPCC and NERC and FPL-NED staff. NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that 9 standards and 18 requirements were found to be compliant and 3 standard and 6 requirements were found to be not applicable. FPL-NED was given an opportunity to question the audit findings and provide comment on the audit. FPL-NED said they thought the process was very professional and although it had been a beneficial process.

### **Company Profile**

Florida Power and Light Company is an affiliate of FPL Group. Florida Power and Light – New England Division is a division within Florida Power and Light Company.

### **Audit Specifics**

The compliance audit was conducted between August 17 and September 9, 2009 at the auditor's offices.

<b>NPCC Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Regional staff	Manager Compliance	NPCC-Compliance Audit Program
Lead Auditor	Contracted Consultant	NPCC-Compliance Audit Program

### **NERC**

<b>Title</b>	<b>Company</b>
Regional Compliance Auditor	NERC

### **Florida Power and Light - New England Division**

<b>Title</b>	<b>Organization</b>
Manager Reliability Standards Compliance Organization	FPL-NED
Consultant (FPL-NED) Administrative Manager	FPL-NED
Nuclear Assurance Coordinator	FPL-NED
Protection & Control Field Supervisor	FPL-NED
Senior Attorney	FPL-NED

## **Audit Results**

FPL-NED provided electronic files and emails containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions conference calls were used to request additional documentation until the auditors were convinced that the standards and requirements had been met and FPL-NED had demonstrated compliance.

After reviewing all the data FPL-NED was judged to be compliant with 9 standards and 18 requirements and 3 standards and 6 requirements was judged to be not applicable.

## ***Findings***

The following table details findings for compliance with the reliability standards listed in the NERC 2009 Implementation Plan.

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
FAC-001-0	R1.	Compliant
FAC-001-0	R2.	Compliant
FAC-001-0	R3.	Compliant
FAC-003-1	R1.	N/A
FAC-003-1	R2.	N/A
FAC-008-1	R1.	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
IRO-004-1	R7.	Compliant
IRO-005-1	R13.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	N/A
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	N/A
PRC-008-0	R2.	N/A
PRC-017-0	R1.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R18.	Compliant

## ***Compliance Culture***

The audit team reviewed Florida Power and Light - New England Division's compliance culture. During all contacts, FPL-NED staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.