



# **Compliance Audit Report Public Version**

**Florida Power & Light Company  
NERC ID# NCR01241**

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

**February 15-19, 2010**

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## **Executive Summary**

An offsite compliance audit of Florida Power & Light Company (FPL), NERC ID # NCR01241 was conducted from February 15-19, 2010. At the time of the audit FPL was registered for the Generator Owner function.

The audit team evaluated FPL for compliance with thirteen requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of June 18, 2007 thru the current date of the audit. FPL submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by FPL to assess compliance with standards applicable to FPL at this time.

Based on the information and documentation provided by FPL, the audit team found FPL to be compliant with all applicable requirements.

The audit team determined that PRC-017 R1, Special Protection System Maintenance and Testing and was not applicable to FPL.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. Any Possible Alleged Violations will be processed through the NERC and SERC Reliability Corporation (SERC) CMEP.

There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

## **Audit Process**

The compliance audit process steps are detailed in the SERC CMEP. The SERC 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 an audit for compliance with all Reliability Standards applicable to the functions for which the registered entity is registered.<sup>\*</sup> The audit objectives are to:

- Review compliance with the requirements of Reliability Standards that are applicable to FPL, based on the functions that FPL is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by SERC;

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\* North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

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- Validate compliance with applicable regional standards from the SERC Reliability 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document FPL's compliance program and culture;
- Review the status of mitigation plans.

## **Scope**

The scope of the compliance audit included the NERC Reliability Standards from the SERC 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding mitigation plans, or remedial action directives which have been completed or pending in the year of the compliance audit.

At the time of the audit, FPL was registered for the functions of a Generator Owner (GO). The audit team evaluated FPL for the 2010 compliance program; the monitoring period for the compliance audit will generally be the lesser of: 1) Date of registration to current date; 2) Date of last audit or spot check to current date; or, 3) June 18, 2007 to current date. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

## **Confidentiality and Conflict of Interest**

Confidentiality and Conflict of Interest of the audit team are governed under the SERC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. FPL was informed of SERC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to FPL. FPL was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. FPL had not submitted any objections by the stated 15 day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by FPL.

## **Methodology**

The audit team reviewed the information, data, and evidence submitted by FPL and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to SERC thirty days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the last day of the review at the audit site. After that date, only data or information which was relevant to the content of the report or its finding can be submitted upon agreement by the audit team lead.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

The audit team reviewed documentation provided by FPL. Data, information, and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc., were validated, substantiated, and cross checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electric System (BES).

\* North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards, and their professional judgment. All findings were developed based upon the consensus of the audit team.

### Company Profile

FPL is a wholly owned subsidiary of FPL Group, Inc., which is a publicly owned company headquartered in Juno Beach, Florida. FPL's ownership in Scherer Unit 4 is under FPL's Power Generation Department.

### Audit Participants

The following is a listing of all personnel from the Audit Team who were present during the meetings or interviews.

### Audit Team Participants

Title	Entity
Senior Compliance Auditor & Audit Team Lead	SERC
Senior Compliance Auditor	SERC

### Audit Results

The audit team evaluated FPL for compliance with thirteen requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of June 18, 2007 to the date of the audit. FPL submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by FPL to assess compliance with standards applicable to FPL at this time.

Based on the information and documentation provided by FPL, the audit team found FPL to be compliant with the thirteen applicable requirements.

### Findings

The following table details the findings for compliance for the scope identified for this audit.

Reliability Std	Req.	Finding
FAC-002-0	R1	Compliant
FAC-008-1	R1	Compliant
FAC-008-1	R2	Compliant
FAC-008-1	R3	Complaint
FAC-009-1	R1	Compliant
FAC-009-1	R2	Compliant
IRO-004-1	R4	Compliant
PRC-004-1	R2	Compliant
PRC-005-1	R1	Compliant
PRC-005-1	R2	Compliant
PRC-017-0	R1	N/A

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VAR-002-1.1a	R4	Compliant
VAR-002-1.1a	R5	Compliant

### **Compliance Culture**

The audit team assessed FPL Internal Compliance Program in conjunction with the audit. Evidence reviewed in assessing the program included: FPL Compliance Pre-Audit Survey, compliance staff organizational charts, interviews with FPL staff, and observation of staff responses in preparation for and during the audit.

Four factors that characterize a vigorous and effective compliance program are: active engagement and leadership by a company's senior management; preventive measures appropriate to the individual circumstances of the company; promptly detecting, stopping, and reporting a violation; and, ultimately fixing the problem and working to avoid future possible violations.

SERC recognizes that there isn't one standard formula for an effective compliance program, and that there will be variations in each company's program and culture based on countless factors, including the size and age of the company, as well as the nature and extent of its business. Ultimately what matters are the results, and whether the compliance program worked as it should.

The audit team determined that FPL's Internal Compliance Program documents and their staff's demonstrated compliance culture indicate an effective compliance program.