

July 30, 2010

Ms. Kimberly Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: NERC Abbreviated Notice of Penalty regarding Ocala Utility Services, FERC  
Docket No. NP10-\_\_-000**

Dear Secretary Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Ocala Utility Services (OUS), with information and details regarding the nature and resolution of the violations<sup>1</sup> discussed in detail in the Settlement Agreement (Attachment c) and the Disposition Document (Attachment a), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>2</sup>

On August 15, 2008, OUS self-reported<sup>3</sup> violations of PRC-005-1 Requirement (R) 1 and R2.1 to Florida Reliability Coordinating Council, Inc. (FRCC) for OUS's failure to include all Protection System<sup>4</sup> elements in its Protection System maintenance and testing program and test its protective relays within OUS's defined two-year interval. This Notice of Penalty is being filed with the Commission because FRCC and OUS have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in

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<sup>1</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>2</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). *See* 18 C.F.R. § 39.7(c)(2).

<sup>3</sup> OUS self-reported its violations by submitting a Mitigation Plan to the Florida Reliability Coordinating Council, Inc. (FRCC) on August 15, 2008 in which it identified its non-compliance with PRC-005-1 R1 and R2.1. FRCC subsequently requested that OUS submit a Self-Report form for the violations. OUS submitted the Self-Report on September 9, 2008.

<sup>4</sup> *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

FRCC's determination and findings of the enforceable violations of PRC-005-1 R1 and R2.1. According to the Settlement Agreement, OUS neither admits nor denies the violations, but has agreed to the proposed penalty of thirteen thousand five hundred dollars (\$13,500), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers FRCC200800088 and FRCC200800089 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on March 4, 2010, by and between FRCC and OUS and the Supplemental Record Information document issued by FRCC on May 13, 2010. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
FRCC	Ocala Utility Services	NOC-143	FRCC200800088	PRC-005-1	1	High <sup>5</sup>	13,500
FRCC	Ocala Utility Services	NOC-143	FRCC200800089	PRC-005-1	2.1	High <sup>6</sup>	

The text of the Reliability Standards at issue is set forth in the Disposition Document.

### PRC-005-1 R1 and R2.1 - OVERVIEW<sup>7</sup>

FRCC determined that OUS, as a Distribution Provider and Transmission Owner, did not include voltage sensing devices in its Protection System maintenance and testing program as required by PRC-005-1 R1. In addition, OUS had not performed maintenance and testing on its six protective relays within its defined two-year interval and, therefore, could not have provided

<sup>5</sup> When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

<sup>6</sup> During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

<sup>7</sup> Further information on these violations is contained in the Disposition Document included as Attachment a.

documentation reflecting its compliance with that defined testing interval upon request as required by PRC-005-1 R2.1.

The duration of the PRC-005-1 R1 and R2.1 violations were from June 18, 2007, when the Standards became mandatory and enforceable, through August 15, 2008, the date OUS completed its Mitigation Plan.

FRCC concluded that the PRC-005-1 R1 violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because OUS visually inspected the voltage sensing devices on a monthly basis. FRCC concluded that the PRC-005-1 R2.1 violation did not pose a serious or substantial risk to the reliability of the BPS because OUS performed maintenance and testing on its six (6) protective relays on a three-year interval which was consistent with industry practice and NERC recommendations,<sup>8</sup> although it did not meet the two-year interval as specified in its Protection System maintenance and testing program.

#### Regional Entity's Basis for Penalty

According to the Settlement Agreement, FRCC has assessed a penalty of thirteen thousand five hundred dollars (\$13,500) for the referenced violations. In reaching this determination, FRCC considered the following factors:

1. the violations constituted OUS's first occurrence of violations of NERC Reliability Standards;
2. OUS self-reported the violations;
3. OUS was cooperative throughout the compliance enforcement process;
4. the quality of the OUS's compliance program, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Document; and
7. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, FRCC determined that, in this instance, the penalty amount of thirteen thousand five hundred dollars (\$13,500) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

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<sup>8</sup> The *NERC Protection System Maintenance, A Technical Reference* dated September 13, 2007 indicates the recommended maximum verification interval for un-monitored and partial monitored protective relays is five to seven years.

## **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>9</sup>**

### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,<sup>10</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on May 14, 2010. The NERC BOTCC approved the Settlement Agreement, including FRCC's imposition of a financial penalty, assessing a penalty of thirteen thousand five hundred dollars (\$13,500) against OUS and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

1. the violations constituted OUS's first occurrence of violations of NERC Reliability Standards;
2. OUS self-reported the violations;
3. FRCC reported that OUS was cooperative throughout the compliance enforcement process;
4. the quality of the OUS's compliance program, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. FRCC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Document; and
7. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of thirteen thousand five hundred dollars (\$13,500) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

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<sup>9</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>10</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009)."

**Attachments to be included as Part of this Notice of Penalty**

The attachments to be included as part of this Notice of Penalty is the following documents and material:

- a) Disposition Document of Alleged/Confirmed Violation, included as Attachment a;
- b) OUS's Self-Report for PRC-005-1 R1 and R2.1 submitted September 9, 2008, included as Attachment b;
- c) Settlement Agreement between FRCC and OUS executed March 4, 2010, included as Attachment c;
- d) OUS's Mitigation Plan for PRC-005-1 R1 and R2.1 submitted August 15, 2008, included as Attachment d;
- e) OUS's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2.1 dated August 15, 2008, included as Attachment e; and
- f) FRCC's Verification of Completion of the Mitigation Plan, included as Attachment f.

**A Form of Notice Suitable for Publication<sup>11</sup>**

A copy of a notice suitable for publication is included in Attachment g.

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<sup>11</sup> See 18 C.F.R § 39.7(d)(6).

## Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>David Anderson* Regulatory Manger City of Ocala Electric Utilities 201 SE 3rd Street Ocala, FL 34471 (352) 351-6600 (352) 629-8502 – facsimile danderson@ocalafl.org</p> <p>Richard Gilbert* Manager of Compliance Enforcement Florida Reliability Coordinating Council, Inc. 3000 Bayport Dr., Suite 690 Tampa, FL 33607- 8402 (813) 207-7991 (813) 289-5648 – facsimile rgilbert@frcc.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins Attorney V. Davis Smith* Attorney (admitted in IN; application pending in NJ; not admitted in D.C.) North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net davis.smith@nerc.net</p> <p>Sarah Rogers* President and Chief Executive Officer Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, FL 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile srogers@frcc.com</p> <p>Linda Campbell* VP and Executive Director Standards &amp; Compliance Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, FL 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile lcampbell@frcc.com</p> <p>Barry Pagel* Director of Compliance Florida Reliability Coordinating Council, Inc. 3000 Bayport Dr., Suite 690 Tampa, FL 33607- 8402 (813) 207-7968 (813) 289-5648 – facsimile bpagel@frcc.com</p>
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## Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley  
President and Chief Executive Officer  
David N. Cook  
Vice President and General Counsel  
North American Electric Reliability Corporation  
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(609) 452-8060  
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gerry.cauley@nerc.net  
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/s/ Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
Holly A. Hawkins  
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V. Davis Smith  
Attorney (admitted in IN; application  
pending in NJ; not admitted in D.C.)  
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cc: Ocala Utility Services  
Florida Reliability Coordinating Council, Inc.

Attachments

## **Attachment a**

# **Disposition Document of Violation**



## **DISPOSITION OF VIOLATION<sup>1</sup>**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>FRCC200800088</b>	<b>N/A</b>	<b>NOC-143</b>
<b>FRCC200800089</b>		
REGISTERED ENTITY		NERC REGISTRY ID
<b>Ocala Utility Services (OUS)</b>		<b>NCR00054</b>
REGIONAL ENTITY		
<b>Florida Reliability Coordinating Council, Inc. (FRCC)</b>		

### **I. REGISTRATION INFORMATION**

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	X										X			
	5/29/07										5/29/07			

\* VIOLATION APPLIES TO SHADED FUNCTIONS

#### DESCRIPTION OF THE REGISTERED ENTITY

**OUS is engaged in the transmission and distribution of electricity in Ocala, Florida and the surrounding Marion County. OUS serves approximately 50,000 residential, commercial and industrial customers with a service territory of 160 square miles. OUS owns approximately 13 miles of bulk power system (BPS) 230 kV transmission lines in Florida which represents approximately one tenth of a percent (0.1%) of the FRCC regional transmission lines.**

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>1</b>	<b>1.1</b>	<b>High<sup>2</sup></b>	<b>Lower</b>

<sup>1</sup> For purposes of this document and attachments hereto, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>2</sup> When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 6, 2007, the Commission issued an Order

PRC-005-1	2	2.1	High <sup>3</sup>	Lower
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PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

**The purpose of Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems<sup>4</sup> affecting the reliability of the BPS are maintained and tested.**

**PRC-005-1 R1 requires that:**

**Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include:**

**R1.1. Maintenance and testing intervals and their basis.**

**R1.2. Summary of maintenance and testing procedures.**

**PRC-005-1 R2 requires that:**

**Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Entity on request (within 30 calendar days). The documentation of the program implementation shall include:**

**R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.**

**R2.2. Date each Protection System device was last tested/maintained.**

VIOLATION DESCRIPTION

**On August 15, 2008, OUS self-reported<sup>5</sup> violations of PRC-005-1 R1 and R2.1 to FRCC for OUS's failure to include all Protection System elements in its Protection System maintenance and testing program. Specifically, voltage sensing devices were not included in its maintenance and testing program as required by R1. In addition,**

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approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 6, 2007 and the "High" VRF has been in effect since August 6, 2007.

<sup>3</sup> PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

<sup>4</sup> *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2010, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

<sup>5</sup> OUS self-reported its violations by submitting a Mitigation Plan to FRCC on August 15, 2008 in which it identified its non-compliance with PRC-005-1 R1 and R2.1. FRCC subsequently requested that OUS submit a Self-Report form for the violations. OUS submitted the Self-Report on September 9, 2008.

**OUS reported that it required a two-year testing interval for all protective relays. OUS's actual testing had been performed on a three-year basis for all six protective relays in its system. Therefore, OUS failed to test its relays within OUS's defined interval and could not have provided documentation reflecting its compliance with that defined testing interval upon request as required by PRC-005-1 R2.1.**

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**FRCC determined that the R1 violation did not pose a serious or substantial risk to the reliability of the BPS because OUS visually inspected the voltage sensing devices on a monthly basis.**

**FRCC concluded that the PRC-005-1 R2.1 violation did not pose a serious or substantial risk to the reliability of the BPS because OUS performed maintenance and testing on its six (6) protective relays on a three-year interval which was consistent with NERC recommendations,<sup>6</sup> although it did not meet the two-year interval as specified in its Protection System maintenance and testing program.**

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/DOES NOT CONTEST IT      YES ☒

### **III. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

<sup>6</sup> The *NERC Protection System Maintenance, A Technical Reference* dated September 13, 2007 indicates the recommended maximum verification interval for un-monitored and partial monitored protective relays is five to seven years.

DURATION DATE(S) **6/18/2007 (enforceable date) through 8/15/2008 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **8/15/2008**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒

PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

#### **IV. MITIGATION INFORMATION**

MITIGATION PLAN NO. **MIT-08-0627**

DATE SUBMITTED TO REGIONAL ENTITY **8/15/2008 (dated 8/14/2008)**

DATE ACCEPTED BY REGIONAL ENTITY **8/20/2008**

DATE APPROVED BY NERC **8/28/2008**

DATE PROVIDED TO FERC **8/28/2008**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF APPLICABLE

**N/A**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/15/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **8/15/2008**

DATE OF CERTIFICATION LETTER **8/15/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **8/15/2008**

DATE OF VERIFICATION LETTER **1/27/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **8/15/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**OUS drafted a new Protection System maintenance and testing program ensuring adherence to PRC-005-1 by specifically including voltage sensing devices in the document and specifying a three-year testing interval which reflected its actual testing practices.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE  
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN  
WHICH MITIGATION IS NOT YET COMPLETED)

**OUS provided FRCC with the following:**

1. ***OUS-001 OUS Protection System Maintenance Procedures for Transmission Relaying*** dated August 15, 2008. This document demonstrated that OUS had added voltage sensing devices to its revised Protection System maintenance and testing program.
2. ***OUS-002 Relay Maintenance Procedures*** dated August 27, 2001. This document demonstrated that OUS had previously included protective relays, associated communications systems, current sensing devices, station batteries and DC control circuitry into its Protection System maintenance and testing program.
3. ***OUS-003 OUS Transmission Relay Summary***. This document depicted all of OUS's protective system equipment and defined intervals for testing and maintenance.
4. ***OUS-004 OUS Transmission Relay Testing Schedule*** dated November 19, 2008. This document demonstrated that OUS brought protective system equipment that was out of interval back into compliance with its revised maintenance and testing program.

**V. PENALTY INFORMATION**

TOTAL PROPOSED PENALTY OR SANCTION OF **\$13,500** FOR **2** VIOLATIONS.

**(1) REGISTERED ENTITY'S COMPLIANCE HISTORY**

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY  
STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

N/A

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR  
REQUIREMENTS THEREUNDER

YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND  
STATUS

N/A

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS “NO,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION      YES ☒      NO ☐  
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY’S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM  
YES ☒      NO ☐  
EXPLAIN

**FRCC found that OUS has an established compliance program. According to OUS, it named and staffed an Internal Compliance Program (ICP) oversight position that is supervised by a high level position. Executive and senior management are key participants in the corporate level and individual business unit oversight of the compliance program. The oversight position has direct access to the CEO and/or Board of Directors. The program is managed and operated fully independent of the work groups that are responsible for complying with Reliability Standards.**

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE  
YES ☒      NO ☐  
EXPLAIN

**OUS senior management reviews periodic reports of its ICP and ensures corrective actions are taken when necessary. The ICP is reviewed at least annually. OUS’s compliance staff conducts compliance training for affected employees. OUS’s program includes disciplinary action for employees involved in Reliability Standards violations. The program has internal control including self assessment and self-enforcement to prevent reoccurrence of Reliability Standard violations**

EXPLAIN SENIOR MANAGEMENT’S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY’S COMPLIANCE PROGRAM  
**See Above**

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒  
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

(9) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

EXHIBITS (SEE ATTACHMENTS TO THE NOTICE OF PENALTY):

SOURCE DOCUMENT  
**OUS's Self-Report submitted September 9, 2008**

MITIGATION PLAN  
**OUS's Mitigation Plan submitted August 15, 2008**

**CERTIFICATION OF COMPLETION**  
**OUS's Certification of Completion of the Mitigation Plan dated August 15, 2008**

**OTHER RELEVANT INFORMATION:**

**NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED**

**DATE:**           OR N/A ☒

**SETTLEMENT DISCUSSIONS COMMENCED**

**DATE: 2/6/2009**      OR N/A ☐

**NOTICE OF CONFIRMED VIOLATION ISSUED**

**DATE:**           OR N/A ☒

**SUPPLEMENTAL RECORD INFORMATION**

**DATE: 5/13/2010**   OR N/A ☐

**REGISTERED ENTITY RESPONSE CONTESTED**

**FINDINGS** ☐ **PENALTY** ☐ **BOTH** ☐ **NO CONTEST** ☒

**HEARING REQUESTED**

**YES** ☐       **NO** ☒

**DATE**

**OUTCOME**

**APPEAL REQUESTED**



## **Attachment b**

**OUS's Self-Report for PRC-005-1 R1 and R2.1  
submitted September 9, 2008**

## FRCC Compliance Self Reporting Form

**Registered Entity** \_\_\_Ocala Electric Utility\_\_\_\_\_

**Date of Violation:** Month \_\_\_8\_\_\_ Day \_\_\_14\_\_\_ Year \_\_\_2008\_\_\_

**Time of Violation** \_\_\_12:00PM\_\_\_

**(As appropriate, based upon the time frame associated with the reliability standard)**

For EACH violation, please provide the following:

1. The Reliability Standard and requirement violated.  
**PRC-005**
2. Violation Severity Level.
3. The specifics of the violation and the reliability impact of the violation to the bulk power system.  
**Documentation issues for R.1 and R2.1**  
**No impact to the bulk power system**
4. Company contact persons name, title, and contact number(s).  
**David Anderson**  
**Regulatory Manager**  
**Phone (352)629-8509**  
**danderson@ocalafl.org**
5. Describe any confidentiality issues  
.
6. Actions taken or to be taken (include timetable) to ensure violation is corrected.  
Attach completed Mitigation Plan if appropriate.  
**Mitigation Plan Submitted and completed 8-15-08**

Additional Comments: ☐ Comments attached.

**Please see Mitigation Plan Submittal Form dated 8-14-08, submitted to FRCC 8-15-08.**

Submitted by: David Anderson

Title: Regulatory Manager

Please send your completed form to [compliancemanager@frcc.com](mailto:compliancemanager@frcc.com)

## **Attachment c**

### **Settlement Agreement between FRCC and OUS executed March 4, 2010**



FLORIDA RELIABILITY COORDINATING COUNCIL, INC.  
1408 N. WESTSHORE BLVD., SUITE 1002  
TAMPA, FLORIDA 33607-4512  
PHONE 813.289.5644 • FAX 813.289.5646  
WWW.FRCC.COM

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**SETTLEMENT AGREEMENT  
OF  
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.  
AND  
OCALA UTILITY SERVICES**

**NERC Registry ID #: NCR00054**

**I. Introduction**

1. Florida Reliability Coordinating Council, Inc. ("FRCC") and Ocala Utility Services ("OUS") formally known as Ocala Electric Utility ("OEU"); enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in FRCC determination and findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of violations by OUS of the following NERC Reliability Standards and Requirements:
  - i. PRC-005-1, Requirement 1 [NERC Tracking #: FRCC200800088]
  - ii. PRC-005-1, Requirement 2.1 [NERC Tracking #: FRCC200800089]
2. Pursuant to the Settlement Agreement, OUS neither admits nor denies the alleged violation of PRC-005-1, R1 or PRC-005-1, R2.1, but OUS has agreed to the proposed penalty of thirteen thousand five hundred dollars (\$13,500) to be assessed to OUS, in addition to other remedies and mitigation actions to mitigate the instant alleged violation and ensure future compliance under the terms and conditions of the Settlement Agreement.

**II. Stipulation**

3. The facts stipulated herein are stipulated solely for the purpose of resolving between OUS and FRCC the matters discussed herein and do not constitute

stipulations or admissions for any other purpose, including in any administrative proceeding. OUS and FRCC hereby stipulate and agree to the following:

**A. Background**

4. OUS is engaged in the transmission and distribution of electricity in Ocala, Florida and the surrounding Marion County. Its principal offices are located in Ocala, Florida. OUS serves approximately 50,000 residential, commercial and industrial customers with a service territory of 160 square miles.
5. OUS owns approximately 13 miles of bulk power system (BPS) 230kV transmission lines in Florida which represents approximately one tenth of a percent of the FRCC regional transmission lines.
6. FRCC staff confirmed that OUS is registered on the NERC Compliance Registry as a Distribution Provider ("DP") and Transmission Owner ("TO") in the FRCC region with the NERC Registry Identification Number of NCR00054 and is, therefore, subject to compliance with PRC-005-1 R1 and PRC-005-1 R2.1.

**B. Alleged Violations**

7. The related Requirements of the Reliability Standards at issue are:

**FRCC200800088**

PRC-005-1, *"Transmission and Generation Protection System Maintenance and Testing"*

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES.

PRC-005-1, R1 has a Violation Risk Factor (VRF) of High.

PRC-005-1, R1 (FRCC200800088): On August 15th, 2008, OUS submitted to FRCC a Mitigation Plan and Mitigation Plan Completion Form, dated August 14th, 2008, in which OUS identified Non-Compliance with Requirement 1 of Reliability Standard PRC-005-1. Specifically, in the Mitigation Plan Submittal Form, OUS reported that, during a July 2008 internal review of compliance with NERC Standards, it determined that OUS's existing protection system maintenance and testing program did not include all elements (in this case,

voltage sensing devices) as defined by NERC's definition of Protection System<sup>1</sup>.

FRCC asked OUS to submit a Self-Report of the violation identified in their August 2008 Mitigation Plan. OUS then submitted to FRCC Compliance, a Self Reporting Form for Reliability Standard PRC-005-1 R1 on September 9, 2008. FRCC accepted the Mitigation Plan on August 20<sup>th</sup>, 2008.

8. FRCC Compliance Enforcement Staff determined the duration of the violation for PRC-005-1, R1 was from June 18, 2007 (date the Standard and Requirement became mandatory and enforceable) to August 15, 2008 (date OUS completed the Mitigation Plan for this violation).

**FRCC200800089**

**PRC-005-1, "Transmission and Generation Protection System Maintenance and Testing"**

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

PRC-005-1, Requirement 2.1 has a Violation Risk Factor (VRF) of High.

PRC-005-1, R2.1 (FRCC200800089): In addition, in that same Mitigation Plan and Completion Form (submitted to FRCC on August 15<sup>th</sup>, 2008, which was dated August 14<sup>th</sup>, 2008), OUS reported that it determined that OUS's Protection System maintenance and testing program required a testing interval of 2 years for all protective relays, whereas OUS's actual testing had been performed on a 3 year basis. OUS found a total of 6 protective relays out of testing and maintenance interval. According to the OUS Maintenance and Testing Summary documents, there are a total of 6 relays in the OUS system. FRCC asked OUS to submit a Self-Report of the violation identified in the August 2008 Mitigation Plan. OUS submitted to FRCC Compliance, a Self

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<sup>1</sup> According to the NERC Glossary of Terms Used in Reliability Standards (dated November 13, 2008), a Protection System is defined as protective relays, associated communication systems, voltage and current sensing devices, station batteries, and DC control circuitry.

Report Form for Reliability Standard PRC-005-1, R2.1 on September 9, 2008. FRCC accepted the Mitigation Plan on August 20<sup>th</sup>, 2008.

9. The FRCC Compliance Enforcement Staff determined the duration of the violation for PRC-005-1, Requirement 2.1 was from June 18, 2007 (date the Standard and Requirement became mandatory and enforceable) to August 15, 2008 (the date OUS completed the Mitigation Plan for this violation).

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **Statement of FRCC**

10. Regarding the violation of PRC-005-1, R1 (FRCC200800088)

- i. FRCC Compliance Staff found that it agreed with OUS's Self-Report in that OUS failed to include all elements defined by NERC to be included in the definition of the Protection System. In particular, OUS failed to include voltage sensing devices in its Protection System maintenance and testing program. FRCC Compliance Staff issued an Initial Notice of Alleged Violation on September 5, 2008. OUS requested settlement discussions regarding the violation prior to a Notice of Alleged Violation being issued.
- ii. *Impact on the Bulk Power System:* The FRCC Compliance Enforcement Staff determined the impact of the violation for PRC-005-1, R1 to be a violation that did not constitute a serious or substantial risk to the bulk power system because: (i) OUS attested to the fact they visually inspect the voltage sensing devices on a monthly basis.

11. Regarding the violation of PRC-005-1, R2.1 (FRCC200800089)

- i. FRCC Compliance Enforcement Staff found that it agreed with OUS's Self-Report in that OUS failed to maintain and test Protection System devices within the defined intervals defined in OUS's Protection System testing and maintenance program, specifically for protective relays.
- iv. *Impact on the Bulk Power System:* The FRCC Compliance Enforcement Staff determined the impact of the violation for PRC-005-1, R2.1 to be a violation that did not constitute a serious or substantial risk to the bulk power system because: (i) OUS still performed maintenance and testing on its protective relays even though the testing was on a 3 year interval instead of the 2 year interval as specified in its Protection System maintenance and testing program; and (ii) no protective relay misoperations occurred as a result of this violation (as evidenced by a

Compliance Enforcement Staff review of the monthly FRCC misoperations report).

11. FRCC has found that OUS has an established compliance program. According to OUS, it has named and staffed an Internal Compliance Program (ICP) oversight position that is supervised by a high level position. Executive and senior management are key participants in the corporate level and individual business unit oversight of the compliance program. The oversight position has direct access to the CEO and/or Board of Directors. The program is managed and operated fully independent of the work groups that are responsible for complying with Reliability Standards. OUS senior management reviews periodic reports of its ICP and ensures corrective actions are taken when necessary. ICP is reviewed at least annually. OUS's compliance staff conducts compliance training for affected employees. OUS's program includes disciplinary action for employees involved in Reliability Standards violations. The program has internal control including self-assessment and self-enforcement to prevent reoccurrence of Reliability Standard violations.
12. FRCC agrees this Agreement is in the best interest of the parties, FRCC and OUS, and in the best interest of BPS reliability.

#### **STATEMENT OF OCALA UTILITY SERVICES**

13. OUS neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute possible violations of PRC-005-1 R1 (FRCC200800088) and PRC-005-1 R2.1 (FRCC200800089).
14. OUS has agreed to enter into this Settlement Agreement with FRCC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. OUS agrees that this agreement is in the best interest of the parties and is in the best interest of maintaining a reliable electric infrastructure.

#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

15. **PRC-005-1, R1 (FRCC200800088); PRC-005-1, R2.1 (FRCC200800089)**: On August 15, 2008, OUS submitted to FRCC a Mitigation Plan and Mitigation Plan Completion Form, dated August 14, 2008 that was accepted by FRCC Compliance Staff on August 20, 2008.

In the Mitigation Plan, OUS indicated that it would draft a new Protection System maintenance and testing program which reflects its testing practices and ensures adherence to the Reliability Standard. The Mitigation Plan was approved by NERC on August 28, 2008 and was submitted by NERC to the Federal Energy Regulatory Commission (FERC). The Mitigation Plan is designated as MIT-08-0627.



FRCC performed an audit-like review of the evidence that OUS submitted in support of its Certification of a Completed Mitigation Plan, in order to verify that all actions specified in OUS's Mitigation Plan were successfully completed. The review included utilizing NERC's Reliability Standard Audit Worksheet for PRC-005-1 R1 and R2.

Documents reviewed included the following evidence provided by OUS in support of completion of its R1 Mitigation Plan:

- a) OUS-001 OUS Protection System Maintenance Procedures for Transmission Relaying (dated August 15<sup>th</sup>, 2008). This document demonstrated that OUS had added voltage sensing devices to its revised Protection System maintenance and testing program.
- b) OUS-002 Relay Maintenance Procedures (August 27<sup>th</sup>, 2001). This document demonstrated that OUS had previously included protective relays, associated communications systems, current sensing devices, station batteries and DC control circuitry into their Protection System maintenance and testing program.

Documents reviewed included the following evidence provided by OUS in support of completion of its R2.1 Mitigation Plan:

- a) OUS-003 OUS Transmission Relay Summary. This document depicts all of OUS's protective system equipment and defined intervals for testing and maintenance.
- b) OUS-004 OUS Transmission Relay Testing Schedule (dated November 19, 2008). This document demonstrated that OUS brought protective system equipment that was out of interval back into compliance with its revised maintenance and testing program.

After reviewing the above evidence, FRCC verified the Mitigation Plan for PRC-005-1, R1 and R2 was completed in accordance with its terms on January 27<sup>th</sup>, 2009.

- 17. OUS shall pay a monetary penalty for the violation of PRC-005-1 R1 (FRCC200800088) and PRC-005-1 R2.1 (FRCC200800089) of **\$13,500.00**. FRCC shall present an invoice to OUS within twenty days after the Agreement is either approved by FERC or by operation of law, and FRCC shall notify NERC if the payment is not received.
- 18. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject OUS to new or additional enforcement, penalty or sanction actions in accordance with the

NERC Rules of Procedure. However, FRCC shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

19. If OUS does not make the monetary penalty payment above at the times agreed by the parties, interest payable to FRCC will begin to accrue pursuant to FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

## **V. ADDITIONAL TERMS**

20. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of FRCC or OUS has been made to induce the signatories or any other party to enter into the Agreement.
21. FRCC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify the FRCC and OUS of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and the FRCC will attempt to negotiate a revised settlement agreement with OUS including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to FERC for the FERC's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.
22. This Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law as submitted to it or upon FERC's approval of the Agreement by order or operation of law as modified in a manner acceptable to the parties.
23. OUS agrees that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein and OUS waives its right to further hearings and appeal, unless and only to the extent that OUS contends that any NERC or FERC action on the Agreement contains one or more material modifications to the Agreement.
24. FRCC reserves all rights to initiate enforcement, penalty or sanction actions against OUS in accordance with the NERC Rules of Procedure in the event that OUS fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event OUS fails to comply with any of the stipulations,

remedies, sanctions or additional terms, as set forth in this Agreement, FRCC will initiate enforcement, penalty, or sanction actions against OUS to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. OUS shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

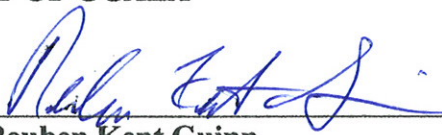
25. OUS consents to the use of FRCC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable FERC orders and policy statements. Such use may be in an enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided however, that OUS does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or any Regional Entity, nor does OUS consent to the use of this Agreement by any other party in any other action or proceeding.
26. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.
27. The undersigned representative of each party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.
28. The Agreement may be signed in counterparts.
29. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:

  
**Linda D. Campbell**  
VP and Executive Director Standards &  
Compliance  
Florida Reliability Coordinating Council, Inc.

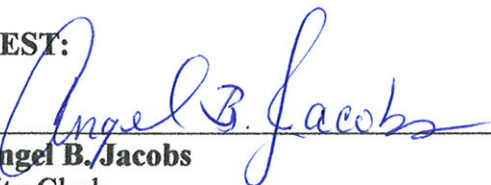
3/4/10  
Date

**CITY OF OCALA**

By:   
**Reuben Kent Guinn**  
President, Ocala City Council


2/26/10  
Date

**ATTEST:**

By:   
**Angel B. Jacobs**  
City Clerk

2/26/10  
Date

**Approved as to form and legality:**

By:   
**Eric P. Gifford**  
Assistant City Attorney

2/24/2010  
Date

**ACCEPTED BY CITY COUNCIL**

February 16, 2010  
DATE

**OFFICE OF THE CITY CLERK**

## **Attachment d**

### **OUS's Mitigation Plan for PRC-005-1 R1 and R2.1 submitted August 15, 2008**



# Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 8/14/08

## Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form.
- A.2 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

## Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: City of Ocala  
Company Address: 201 SE 3<sup>rd</sup> Street, Ocala, FL 34471  
NERC Compliance Registry ID: NCR00054

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: David Anderson  
Title: Regulatory Manager  
Email: danderson@ocalafl.org  
Phone: (352) 629-8509

## Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan

- C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.



Applicable Standard, Requirement(s) and dates:

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date <sup>(*)</sup>	Method of Detection (e.g., Audit, Self-report, Investigation)
aaaaaYYY Ynnnnn	PRC-005	R1		07/10/08	Self-report
	PRC-005	R2.1		07/10/08	Self-report

(\*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by Registered Entity, and subject to modification by the FRCC, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by the FRCC. Questions regarding the date to use should be directed to the FRCC contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above.  
Additional detailed information may be provided as an attachment:

On 6/18/2008, the City Of Ocala contact FMPPA to request an independent gap analysis of the NERC Compliance Requirements. Ralph Anderson, NERC Compliance Officer agreed to assist Ocala, and set 7/10/08 as the date to do an independent review of Ocala's compliance. An initial on-site review was conducted on 7/10/08, with a final review and results on 7/31/2008.

As a result of this review, it is believed that certain elements of Ocala's Protection System Maintenance and Testing procedures and records may not fully meet the requirements of PRC-005.

Regarding requirement R1, Ocala's existing protection system maintenance and testing manual did not include all elements defined by NERC to be included in the definition of the "Protection System", specifically voltage transformers. Current transformer testing was included in the test practices. Ocala's voltage transformers are generally less than 10 years old and are visually inspected on a monthly basis although not mentioned in the existing program. Ocala believes its maintenance and testing practices have meet the intent of the standard but that its procedure document lacks the basis comprehensive coverage. Thus it is believed to be primarily a documentation issue and not a true risk to the Bulk Electric System.



Regarding requirement R2.1, Ocala's original maintenance and testing manual required a testing interval of 2 years for all relays, whereas Ocala's actual testing has occurred on a 3 year basis. Given that common practice within the industry aligns well with both 2 year and 3 year intervals, and that Ocala has performed the required testing, this is again viewed by Ocala to be a documentation issue, and that the intent of the standard has been met.

- C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:

The Ocala electric system has a very minimal impact on the bulk electric system due to its arrangement largely as a tapped load. There exists only one 230 kV line connecting two other utilities that serve Ocala. Otherwise, the large majority of Ocala's system is served via a 69-kV subtransmission loop. Ocala owns three substations that are served by 230 kV and owns two 230 kV lines related to these substations (tying the three together), and has no generation. Any relaying problems that might occur on circuits that Ocala owns would result in the removal of Ocala's load from the system and not the interruption of system flow at >100 kV.

## **Section D: Details of Proposed Mitigation Plan**

### **Mitigation Plan Contents**

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment:

As stated in Part C.2 of this form, Ocala's existing maintenance and testing practices for protection system equipment have included all equipment required by PRC-005 and the NERC standard definitions, and have used testing intervals consistent with industry practice, but Ocala's Maintenance and Testing Procedure does not align with these items. Therefore, Ocala will draft a new Protection System Maintenance and Testing Manual which reflects its testing practices and ensures adherence to the standard.

### **Mitigation Plan Timeline and Milestones**





D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented: The new Maintenance and Testing Manual will be completed and submitted on 8-15-08, the same date as Ocala is submitted this mitigation plan. The manual documents Ocala's current and practices, which have been in use prior to June of 2007.

D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
8-15-08	8-15-08

(\*) Note: Implementation milestones no more than three (3) months apart are permissible only for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.



## **Section E: Interim and Future Reliability Risk**

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment:

Due to the fact that Ocala has had these testing activities in place, and the mitigation plan is being closed out successfully on the day it is implemented, no abatement of BPS risk is necessary.

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

The new Ocala Protection System Maintenance and Testing Manual will allow prevention of future BPS risk by ensuring that Ocala's testing activities continue as scheduled, and by virtue of being kept up to date. The violations discussed in the mitigation plan are largely due to Ocala's initial understanding the compliance requirements, and thus will not be repeated.



## **Section F: Authorization**

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits this Mitigation Plan for acceptance by the FRCC and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  - 1. I am the Regulatory Manager of The City of Ocala.
  - 2. I am qualified to sign this Mitigation Plan on behalf of The City of Ocala.
  - 3. I understand The City of Ocala's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
  - 3. I have read and am familiar with the contents of this Mitigation Plan.
  - 4. The City of Ocala agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by the FRCC and approved by NERC.

**Authorized Individual Signature**

Name (Print): David Anderson  
Title: Regulatory Manager  
Date: 8-15-08



**Section G: Regional Entity Contact**

Please direct any questions regarding completion of this form to:

Madeline Alba, FRCC Compliance Program Administrator  
813-207-7965  
malba@frcc.com



## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the CMEP<sup>1</sup> sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by the FRCC and approval by NERC.
- III. This Mitigation Plan is submitted to the FRCC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

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<sup>1</sup> "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is accepted by the FRCC and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. The FRCC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

**Attachment e**

**OUS's Certification of Completion of the  
Mitigation Plan for PRC-005-1 R1 and R2.1 dated  
August 15, 2008**



## FRCC Mitigation Plan Completion Form

### Certification of a Completed Mitigation Plan

*All Mitigation Plan Completion Certification submittals shall include data or information sufficient for FRCC to verify completion of the Mitigation Plan. FRCC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)*

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#### Registered Entity Information

Company Name: City of Ocala  
Company Address: 201 SE 3<sup>rd</sup> Street, Ocala, FL 34471  
NERC Compliance Registry ID (if known): NCR00054

Date Original Mitigation Plan was submitted to FRCC:08-15-08

Date Mitigation Plan was completed:08-15-08

Name of Standard and the Requirement(s) covered under the accepted Mitigation Plan: PRC-005, R1 and R2.1

NERC Violation ID # (if known):

Date of Certification: 08-15-08

I certify that the mitigation plan for the above named alleged or confirmed violation has been completed on the date shown above, and that all information submitted information is complete and correct to the best of my knowledge.

Name: David Anderson  
Title: Regulatory Manager  
Email: danderson@ocalafl.org  
Phone: (352) 629-8509  
Authorized Individual Signature

To close out a completed Mitigation Plan, fill out this form, save and email it to [compliancemanager@frcc.com](mailto:compliancemanager@frcc.com).



## **Attachment f**

# **FRCC's Verification of Completion of the Mitigation Plan**

**FRCC Compliance and Enforcement Program  
Mitigation Plan Disposition and Completion Steps**

**Entity:** **Ocala Electric Utility**  
**Date Submitted:** **8/14/2008**  
**Standard:** **PRC-005-1**  
**Requirement(s):** **1.0 & 2.1**

**Disposition Steps**

**FRCC acceptance** Yes ☒ No ☐  
Date reviewed **8/19/2008**  
(Within 30 days of receipt)  
**Within 10 days of re-submittal**

**Submit to NERC** Yes ☒ No ☐  
Date submitted  
(Within 5 days of mitigation plan acceptance)  
NERC Approved Yes ☐ No ☐

**Resend to Entity to correct deficiencies** Yes ☐ No ☐  
Date retuned to Entity  
Describe deficiencies

**Tickle for milestone** Yes ☐ No ☐  
(10 days before completion date)  
Date for milestone

**Milestone dates from Mitigation Plan**

**Proposed Completion date from Mitigation Plan** **8/15/2008**

**Milestone date extended/modified** Yes ☐ No ☐  
Date NERC notified:  
(Within 5 business days)

**Quarterly updates required from Entity** Yes ☐ No ☒

**Quarterly updates required to NERC** Yes ☐ No ☒

**Reviewed by:** Thomas Bell  
**Date reviewed:** **8/19/2008**

**FRCC Compliance and Enforcement Program  
Mitigation Plan Disposition and Completion Steps**

**Completion Steps**

Entity submitted certification signed by the registered Entity's officer or equivalent for the plan, that all required actions described in the mitigation plan have been completed or information sufficient for the FRCC to verify completion. Yes ☒ No ☐

Does FRCC require supporting information by conducting follow-up assessments, on-site or other Spot Checking, or Compliance Audits necessary to verify that all required actions in the Mitigation Plan have been completed? Yes ☐ No ☒

Supporting information required. Date request sent to Entity Yes ☐ No ☒

Mitigation Plan completed on time If not, describe further action required Yes ☒ No ☐

**Actual Mitigation Plan Completion Date: 08/15/2008**

**Reviewed by: Jim Dodge**  
**Date reviewed: 01/27/2009**

**Notes: A review indicates, that as part of the FRCC 2008 Spot Check audit program, it was determined that OEU had a potential violation to PRC-005-1, Requirements 1, and 2.1. The spot check team also determined OEU was compliant to PRC-005-1 on January 16, 2009. Thus, verifying OEU completed its mitigation plan accordingly.**

**Attachment g**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Ocala Utility Services

Docket No. NP10-\_\_\_\_-000

NOTICE OF FILING  
June 30, 2010

Take notice that on June 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Ocala Utility Services in the Florida Reliability Coordinating Council, Inc. region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary