



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 6, 2010

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

**Re: Deficiency Notice of Penalty
Reedy Creek Improvement District, FERC Docket No. NP10-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Deficiency Notice of Penalty (Deficiency NOP) regarding Reedy Creek Improvement District (RCI),¹ 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)). Violations addressed within a Deficiency NOP are administrative, minor or documentation in nature. Deficiency NOP treatment is appropriate in this case because the actions leading to this minor violation related to RCI's use of instantaneous megawatt metered values provided from RCI's internal relay equipment because it considered it more accurate, current and reliable, rather than values from the agreed-upon common primary metering source for the calculation of its Area Control Error (ACE). Ultimately, it was determined that configuration issues were resulting in delayed update rates of the values from the agreed-upon common primary metering source.

The Settlement Agreement resolves all outstanding issues arising from a preliminary and non-public assessment resulting in Florida Reliability Coordinating Council's (FRCC) determination and findings of the enforceable violation of BAL-005-0 Requirement (R) 12.1. According to the Settlement Agreement, RCI neither admits nor denies the violation, but has agreed to the proposed penalty of zero dollars (\$0) to be assessed to RCI, in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

¹ The Disposition Document addresses: (1) all relevant facts, in sufficient detail, to indicate the nature of the violation cited and its duration; (2) sufficient information on whether an entity did not perform the action required by the relevant Reliability Standard or failed to document that the action had been performed; (3) a linkage between specific facts and the penalty factors listed as relevant to the penalty determination; (4) specific information in a Mitigation Plan how a registered entity will comply with the requirements it has violated; and (5) specific information on how a Regional Entity verified that a registered entity timely completed a Mitigation Plan.

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,² the NERC BOTCC reviewed the findings and proposed penalty or sanction and approved this Deficiency NOP and the attachments hereto on May 14, 2010, for filing with the Commission. Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Deficiency NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents:

- a) RCI's Self-Report for BAL-005-0 R12.1 submitted August 22, 2008, included as Attachment a;
- b) Settlement Agreement between FRCC and RCI executed June 11, 2010, included as Attachment b;
- c) RCI's Mitigation Plan for BAL-005-0 R12.1 dated August 22, 2008 and submitted August 25, 2008, included as Attachment c;³
- d) RCI's Certification of Completion of the Mitigation Plan for BAL-005-0 R12.1 dated August 22, 2008 and submitted August 25, 2008, included as Attachment d;
- e) FRCC's Verification of Completion of the Mitigation Plan dated January 29, 2009, included as Attachment e; and
- f) Disposition Document included as Attachment f.

A Form of Notice Suitable for Publication⁴

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

² *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).

³ The Settlement Agreement incorrectly states the Mitigation Plan was submitted on August 25, 2008.

⁴ 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>Bob Kindle* Compliance Administrator Reedy Creek Energy Services P.O. Box 10000 Lake Buena Vista, FL 32830 (407) 824-4184 (407) 824-6280 – facsimile bob.kindle@disney.com</p> <p>Richard Gilbert* Manager of Compliance Enforcement Florida Reliability Coordinating Council, Inc. 3000 Bayport Dr., Suite 690 Tampa, Florida 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 North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@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 & 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, Florida 33607-8402 (813) 207-7968 (813) 289-5648 – facsimile bpagel@frcc.com</p>
--	--

Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Deficiency 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
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
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

cc: Reedy Creek Improvement District
Florida Reliability Coordinating Council, Inc.

Attachments

Attachment c

**RCI's Self-Report for BAL-005-0 R12.1 submitted
August 22, 2008**

FRCC Compliance Self Reporting Form

Registered Entity Reedy Creek Improvement District (RCID)

Date of Violation: Month _____ Day _____ Year _____

Time of Violation _____

(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.

BAL-005-0b Requirement 12.1

Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from common, agreed-upon source using common primary metering equipment. Balancing Authorities shall ensure that megawatt-hour data is telemetered or reported at the end of each hour.

2. Violation Severity Level.

None listed

3. The specifics of the violation and the reliability impact of the violation to the bulk power system.

RCID is submitting this self-report to clarify our statement of compliance and explain recent system configuration changes that are related to the requirement. Requirement 12.1 states "Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from a common, agree-upon source using common primary metering equipment". The requirement does not explicitly state that the meter data shall be used in the calculation of Area Control Error (ACE). As explained in detail below, RCID did receive common tie data from its neighboring Balancing Authorities but utilized an alternate source of data which updated at a higher rate to calculate its Area Control Error. RCID believes that utilizing this alternate data source for its ACE calculation provided greater data reliability and thus a more reliable operating system. RCID recently determined it was possible to increase the rate of update from the common primary metering source, and the change was implemented to use this common metering source in its ACE calculation.

RCID has four tie lines with Progress Energy Florida (PEF) consisting of the following:

North West Substation

- Reedy Lake – Northwest 69 kV line
- Isleworth – North West 69 kV line

Lake Buena Vista Substation

- Lake Bryant – LBV 69 kV line

Bonnet Creek Substation (PEF Station)

- Victory Way – Bonnet Creek 69 kV line

Each of these substations is configured with similar tie line metering equipment consisting of billing quality current transformers (CT) and a JEMStar Revenue Meter being polled by a DAQ Remote. The DAQ remotes are dual ported and are polled by PEF and RCID for instantaneous megawatt and hourly megawatt-hour values.

Tie line MW metering was telemetered to both control centers; the data was from a common, agreed-upon source using common primary metering equipment. PEF and RCID also each utilized the MWh value telemetered from the DAQ remote at the end of each hour.

Due to concerns about the data update rate provided from the DAQ remote server to RCID, the instantaneous megawatt value was not utilized in the RCID Automatic Generation Control (AGC) process for calculating ACE. RCID opted to utilize instantaneous megawatt values provided from internal relay equipment that updated at a more reliable and faster rate.

While the data was not used in the RCID ACE calculation, RCID continued to telemeter and archive the instantaneous megawatt reading from the common DAQ remote into the RCID Energy Management/SCADA system. RCID verified the accuracy and consistency of data from the internal relays by comparing it to the data received from the common meter points on an hourly basis. No significant inaccuracies were identified between the two sources.

In a joint trouble shooting effort, RCID and PEF identified configuration issues causing the delayed update rate to RCID and have implemented modifications to improve data performance. The PEF DAQ remote server polls the JEMStar Meter continuously and RCID will poll the DAQ remote server once a second. RCID has achieved consistent update rates from the DAQ remote at less than 4 second intervals and has modeled these points into the RCID ACE calculation.

RCID did not feel the update rate originally received from the DAQ remotes was adequate nor compliant with BAL-005 Requirement 8 and chose to utilize a more reliable and compliant source of data to calculate

ACE. Given the fact that the common megawatt data was being compared to the relay provided data for accuracy and was consistently accurate, RCID believes there was no impact to the reliability of the Bulk Power System.

4. Company contact persons name, title, and contact number(s).

Bernie Budnik
Manager Energy Plants
Office: 407-824-6441
Cell: 407-448-2562

5. Describe any confidentiality issues

None

6. Actions taken or to be taken (include timetable) to ensure violation is corrected.

Attach completed Mitigation Plan if appropriate.

Mitigation is complete (*mitigation plan and mitigation completion attached*)

Additional Comments: ☐ Comments attached.

Submitted by: Bernie Budnik



Title: Manager Energy Plants

Please send your completed form to compliancemanager@frcc.com

Attachment d

Settlement Agreement between FRCC and RCI executed June 11, 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

**SETTLEMENT AGREEMENT
OF
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
AND
REEDY CREEK IMPROVEMENT DISTRICT**

NERC Registry ID #: NCR00065

I. Introduction

1. Florida Reliability Coordinating Council, Inc. ("FRCC") and Reedy Creek Improvement District ("RCI") 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 alleged violation by RCI of the following NERC Reliability Standard and Requirement:
 - i. BAL-005-0, Requirement 12.1 [NERC Tracking #: FRCC200800132]
2. Pursuant to the Agreement, RCI neither admits nor denies the alleged violation of BAL-005-0, R12.1, but RCI has agreed to the proposed penalty of zero dollars (\$0) to be assessed to RCI, in addition to other remedies and mitigation actions identified herein, to mitigate the instant alleged violation and ensure future compliance under the terms and conditions of the Agreement.

II. Stipulation

3. The facts stipulated herein are stipulated solely for the purpose of resolving between RCI and FRCC the matters discussed herein and do not constitute stipulations or admissions for any other purpose, including any administrative proceeding. RCI and FRCC hereby stipulate and agree to the following:

Page 1 of 9

A. Background

4. RCI is engaged in the distribution of electricity in central Florida. Its principal offices are located in Lake Buena Vista, Florida. RCI serves the resort area around and including the cities of Lake Buena Vista and Bay Lake.
5. RCI has a peak load of approximately 200 MW which represents approximately four tenths of a percent (0.4%) of the FRCC regional peak load.
6. FRCC staff confirmed that RCI is registered on the NERC Compliance Registry as a Balancing Authority ("BA"), among other functions in the FRCC region with the NERC Registry Identification Number of NCR00065, and is, therefore, subject to compliance with BAL-005-0, R12.1.

B. Alleged Violation

7. The related Requirement of the Reliability Standard reads as follows:

BAL-005-0, "Automatic Generation Control"

R12. Each Balancing Authority shall include all Tie Line flows with adjacent Balancing Authority Areas in the ACE calculation.

R12.1. Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from a common, agreed-upon source using common primary metering equipment. Balancing Authorities shall ensure that megawatt-hour data is telemetered or reported at the end of each hour.

BAL-005-0, R12.1 has a Violation Risk Factor (VRF) of "Lower"

BAL-005-0, R12.1 (FRCC200800132): On August 25, 2008, RCI submitted to FRCC an FRCC Compliance Self-Reporting Form. In this self report, RCI indicated its intention to provide FRCC with a clarification statement of compliance with regard to Requirement 12.1 of Reliability Standard BAL-005-0. RCI also explained that pursuant to BAL-005-0, R12.1 RCI did receive Tie Line MW metering from a common, agreed-upon source using common primary metering equipment. However, due to data reliability and update rates, RCI opted to utilize instantaneous megawatt metered values provided from internal relay equipment, rather than values from the agreed upon common primary metering source for the calculation of Area Control Error (ACE).

8. The duration of the alleged violation was identified from June 18, 2007 (mandatory enforceable date) to August 6, 2008 when this alleged violation was mitigated.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of FRCC and Summary of Findings

9. Regarding the alleged violation of BAL-005-0, R12.1 (FRCC200800132)
 - i. FRCC Compliance Staff determined that RCI had not used the agreed-upon common primary metering source in its ACE calculation and that RCI was in violation with BAL-005-0, R12.1. FRCC Compliance Staff issued an Initial Notice of Alleged Violation on January 29, 2009. RCI requested settlement discussions regarding the violation prior to a Notice of Alleged Violation being issued.
 - ii. *Impact on the Bulk Power System:* The FRCC Enforcement Compliance Staff determined the impact of the violation of R12.1 to be a violation that did not constitute a serious or substantial risk to the bulk power system. FRCC evaluated the potential effects to MW data reporting and other BAL and INT Standards (primarily those relating to ACE calculations and interchange values), and determined that RCI's calculations were correct, even though the metering source RCI used was not agreed upon. FRCC also determined that the other tie line entity was using the agreed upon source of common primary metering. FRCC determined that this act non-compliance was a violation of only BAL-005-0 R12.1.

Documents reviewed relating to compliance with MW data reporting included the following evidence provided by RCI:

- a. *RCI-001 RCI Tie Line Hourly Analog Readings for June 2007* (primary/secondary source and tie entity source). This document demonstrated that RCI was utilizing accurate Tie Line MW values, even though they were not from the agreed upon source.
 - b. *RCI-002 RCI Tie Line Hourly Analog Reading for July 2008* (primary/secondary source and tie entity source). This document demonstrated that RCI was utilizing accurate Tie Line MW values, even though they were not from the agreed upon source.
10. FRCC has found that RCI has an established compliance program. According to RCI, it has named and staffed an Internal Compliance Program (ICP) oversight position. The ICP is budgeted and fully staffed. RCI senior management reviews periodic reports of its ICP and ensures corrective actions are taken when

necessary. The ICP is reviewed at least semi-annually. RCI provides detailed training for employees that have a direct responsibility for compliance with Reliability Standards. The program has internal control including self-assessment and self-enforcement to prevent reoccurrence of Reliability Standard violations.

Upon review of RCI's ICP documents, FRCC determined the ICP required improvements in several key areas, as discussed in greater detail in the Mitigation Plan section below.

11. FRCC agrees this Agreement is in the best interest of the parties, FRCC and RCI, and in the best interest of bulk power system reliability.

STATEMENT OF REEDY CREEK IMPROVEMENT DISTRICT

12. RCI submitted an FRCC Compliance Self-Reporting Form in order to clarify its statement of compliance and explain system configuration changes prior to a scheduled FRCC on-site compliance audit. Having no other means to provide this type information to FRCC formally and consistent with NERC's and FRCC's encouragement of self-reports, RCI chose to use the self-report process. R12.1 of the BAL-005-0 states "Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from common, agreed-upon source using common primary metering equipment". As explained in the FRCC Compliance Self-Report Form, RCI did receive common tie data from an agreed upon source using common primary metering equipment. However, R12.1 does not expressly address the use of this common primary Tie Line MW metering data as the source for ACE calculations. Due to slower than acceptable data update rates, RCI chose to utilize an alternate source of data which updated at a significantly higher rate, to calculate its Area Control Error. Additionally, RCI continuously compared data from both sources to ensure accuracy in its calculations. RCI chose to use this alternate data source with the higher update rate because it believed that was a more accurate and reliable operating mode.
13. RCI cooperated fully with requests by FRCC for additional data and information related to the Self-Report.
14. Although RCI does not admit to the alleged violation, RCI has agreed to enter into this Agreement with FRCC to avoid extended litigation with respect to the matters described or referred to herein, to avoid any potential for uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. RCI 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. **BAL-005-0, R12.1 (FRCC200800132):** On August 25, 2008, RCI submitted a Mitigation Plan committing to using the agreed upon source of Tie Line MW metering. RCI completed the Mitigation Plan on August 6, 2008, when RCI and the other tie line entity identified and agreed upon the common primary metering source. These actions successfully mitigated this BAL-005-0, R12.1 alleged violation. FRCC accepted the Mitigation Plan on September 25, 2008.

FRCC performed an audit-like review of the evidence that RCI submitted in support of its Certification of a Completed Mitigation Plan, in order to verify that all actions specified in RCI's Mitigation Plan were successfully completed. The review included utilizing NERC's Reliability Standard Audit Worksheet for BAL-005-0 R12.1. On January 29, 2009 FRCC verified the Mitigation Plan was completed.

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

- a. *RCI-003* - Several email communications between RCI and tie entity personnel relating to identifying and agreeing upon the common primary metering source that should be used. The emails were dated between August 1st and August 8th, 2008.

The Mitigation Plan was approved by NERC on March 3, 2009 and was submitted by NERC to the Federal Energy Regulatory Commission (FERC) on March 9, 2009. The Mitigation Plan is designated as MIT-07-1401.

16. In addition to the actions taken by RCI as detailed in the Mitigation Plan, RCI has agreed to undertake the following additional actions:
- a. Fully document the ICP, and have it reviewed and approved by an Authorized Entity Officer or equivalent
 - b. Dissemination of the ICP to all of its employees specified in the ICP
 - c. The ICP oversight position will be supervised at a high level within the organization
 - d. The ICP oversight position will have independent access to its Chief Executive Officer (CEO) and/or its Board of Directors
 - e. The ICP will be managed and operated fully independent of the work groups that are responsible for complying with Reliability Standards to the extent possible

- f. The ICP will include internal self auditing for compliance on an annual basis for full compliance with all Reliability Standards applicable to the entity
- g. The ICP will include disciplinary actions for employees involved in Reliability Standards violations

RCI's plan for implementing its committed changes to the ICP is as described in the table below:

Milestone Activity	Completion Date
RCI submit draft ICP document to FRCC Compliance Staff for review and comment.	October 1, 2009 (FRCC has verified action is complete)
FRCC Compliance Staff provide comments of draft ICP document to RCI.	October 15, 2009 (FRCC has verified action is complete)
RCI to review FRCC Compliance Staff comments for incorporation and provide revised draft ICP to FRCC Compliance Staff for review and comment.	October 23, 2009 (FRCC has verified action is complete)
Present draft ICP to RCI Executive Compliance Committee for review.	November 4, 2009 (FRCC has verified action is complete)
RCI submit draft ICP document to FRCC Compliance Staff for review.	November 6, 2009 (FRCC has verified action is complete)
FRCC Compliance Staff to provide comments of draft ICP document to RCI.	November 11, 2009 (FRCC has verified action is complete)
RCI to submit ICP documents to RCI Board of Supervisors for approval and adoption.	November 18, 2009 (FRCC has verified action is complete)
RCI to submit Board of Supervisors approved ICP document to FRCC Compliance Staff.	November 19, 2009 (FRCC has verified action is complete)
RCI to begin implementation of approved ICP.	November 19, 2009 (FRCC has verified action is complete)
RCI to begin dissemination and training of ICP to employees specified in the ICP.	January 15, 2010 (FRCC has verified action is complete)
RCI complete dissemination and training of ICP to employees specified in the ICP.	March 1, 2010

RCI to submit evidence of ICP implementation to FRCC Compliance Staff.	March 10, 2010
FRCC to evaluate RCI's evidence of ICP implementation and document previous review of RCI's ICP using FRCC's Compliance Program Audit Worksheet (CPAW).	April 9, 2010

17. RCI committed to implement a stronger internal compliance program that addresses compliance with applicable NERC Reliability Standards as described above. The program will define (1) the role of senior management in fostering compliance; (2) effective preventive measures to ensure compliance; (3) prompt detection, cessation, and reporting of violations; and (4) remediation efforts. RCI has committed to aggressively adopting, fostering and maintaining an effective corporate culture of compliance and put into place rigorous procedures and processes that provide effective accountability for compliance.
18. Based upon the foregoing, RCI shall pay a monetary penalty of zero dollars (\$0) to FRCC for the alleged violation of BAL-005-0, R12.1.
19. RCI will provide status updates as shown in the table above, or if requested by FRCC, more frequently. RCI will submit these status updates to FRCC in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure.
20. FRCC Compliance Staff shall audit the progress of RCI in completing the terms of the Agreement, and may take the following actions, including but not limited to, site inspections, interviews, and requests for other documents to validate progress and/or completion of the mitigation plans and any other remedies of this Agreement. FRCC shall reasonably coordinate audits and information requests with RCI related to this Agreement.
21. Failure to comply with any of the terms and conditions agreed to herein, or any other conditions of this Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject RCI to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

22. 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 RCI has been made to induce the signatories or any other party to enter into the Agreement.

23. 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 RCI 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 RCI 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 upon submission to FERC the alleged violation and the terms provided for in the settlement.
24. 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.
25. RCI agrees that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein and RCI waives its right to further hearings and appeal, unless and only to the extent that RCI contends that any NERC or FERC action on the Agreement contains one or more material modifications to the Agreement.
26. FRCC reserves all rights to initiate enforcement, penalty or sanction actions against RCI in accordance with the NERC Rules of Procedure in the event that RCI fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event RCI 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 RCI up to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. RCI shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
27. RCI 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 RCI 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 FRCC, nor does RCI

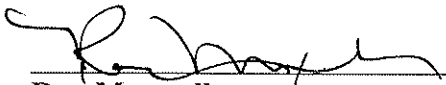
consent to the use of this Agreement by any other party in any other action or proceeding.

28. 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.
29. 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.
30. The Agreement may be signed in counterparts.
31. 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.

6/11/10
Date


Ray Maxwell
District Administrator
Reedy Creek Improvement District

6-7-10
Date

Attachment e

**RCI's Mitigation Plan for BAL-005-0 R12.1 dated
August 22, 2008 and submitted August 25, 2008**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: August 22, 2008

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: Reedy Creek Improvement District
Company Address: PO Box 10000 Lake Buena Vista, FL 32830
NERC Compliance Registry ID: NCR00065

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

Name: Bernie Budnik
Title: Manager Energy Plants
Email: Bernie.budnik@disney.com
Phone: 407-824-6441

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 ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
	BAL-005-0b	R12.1		08/22/08	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:

RCID is submitting this self-report to clarify our statement of compliance and explain recent system configuration changes that are related to the requirement. Requirement 12.1 states "Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from a common, agree-upon source using common primary metering equipment". The requirement does not explicitly state that the meter data shall be used in the calculation of Area Control Error (ACE). As explained in detail below, RCID did receive common tie data from its neighboring Balancing Authorities but utilized an alternate source of data which updated at a higher rate to calculate its Area Control Error. RCID believes that utilizing this alternate data source for its ACE calculation provided greater data reliability and thus a more reliable operating system. RCID recently determined it was possible to increase the rate of update from the common primary metering source, and the change was implemented to use this common metering source in its ACE calculation.



RCID has four tie lines with Progress Energy Florida (PEF) consisting of the following:

North West Substation

- Reedy Lake – Northwest 69 kV line
- Isleworth – North West 69 kV line

Lake Buena Vista Substation

- Lake Bryant – LBV 69 kV line

Bonnet Creek Substation (PEF Station)

- Victory Way – Bonnet Creek 69 kV line

Each of these substations is configured with similar tie line metering equipment consisting of billing quality current transformers (CT) and a JEMStar Revenue Meter being polled by a DAQ Remote. The DAQ remotes are dual ported and are polled by PEF and RCID for instantaneous megawatt and hourly megawatt-hour values.

Tie line MW metering was telemetered to both control centers; the data was from a common, agreed-upon source using common primary metering equipment. PEF and RCID also each utilized the MWh value telemetered from the DAQ remote at the end of each hour.

Due to concerns about the data update rate provided from the DAQ remote server to RCID, the instantaneous megawatt value was not utilized in the RCID Automatic Generation Control (AGC) process for calculating ACE. RCID opted to utilize instantaneous megawatt values provided from internal relay equipment that updated at a more reliable and faster rate.

- 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:

While the data was not used in the RCID ACE calculation, RCID continued to telemeter and archive the instantaneous megawatt reading from the common DAQ remote into the RCID Energy Management/SCADA system. RCID verified the accuracy and consistency of data from the internal relays by comparing it to the data received from the common meter points on an hourly basis. No significant inaccuracies were identified between the two sources.

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:

In a joint trouble shooting effort, RCID and PEF identified configuration issues causing the delayed update rate to RCID and have implemented modifications to improve data performance. The PEF DAQ remote server polls the JEMStar Meter continuously and RCID will poll the DAQ remote server once a second. RCID has achieved consistent update rates from the DAQ remote at less than 4 second intervals and has modeled these points into the RCID ACE calculation.

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: [August 6, 2008](#)
- 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)
Mitigation Completion	August 6, 2008

(*) 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:

Even though the data was not used in the RCID ACE calculation, RCID continued to telemeter and archive the instantaneous megawatt reading from the DAQ remote server into the RCID Energy Management/SCADA system. RCID verified the accuracy and consistency of data between the two sources on an hourly basis. No significant inaccuracies were identified between the two sources.

RCID did not feel the update rate originally received from the DAQ remotes was adequate nor compliant with BAL-005 Requirement 8 and chose to utilize a more reliable and compliant source of data to calculate ACE. Given the fact that the common megawatt data was being compared to the relay provided data for accuracy, RCID believes there was no impact to the reliability of the Bulk Power System.

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:

RCID SCADA programming staff has implemented a process of documenting SCADA system configuration and operation. RCID has also identified NERC Reliability Standard Requirements applicable to the SCADA/EMS System and established ownership responsibility for each requirement. The requirements applicable to SCADA/EMS system configuration and/or operation have been documented in the SCADA configuration archive. This archive is referred to prior to implementing modification and updated any time a modification is made to the SCADA



system. SCADA programming staff will be made aware of reliability required configuration issues when referencing this configuration documentation.



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 District Administrator, Reedy Creek Improvement District.
 - 2. I am qualified to sign this Mitigation Plan on behalf of the Reedy Creek Improvement District.
 - 3. I understand Reedy Creek Improvement District'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. Reedy Creek Improvement District 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): C. Ray Maxwell

Title: District Administrator

Date:



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 CMEP¹ 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.

¹ "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 f

**RCI's Certification of Completion of the
Mitigation Plan for BAL-005-0 R12.1 dated
August 22, 2008 and submitted August 25, 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)

Registered Entity Information

Company Name: Reedy Creek Improvement District
Company Address: PO Box 10000, Lake Buena Vista, FL 32830
NERC Compliance Registry ID (if known): NCR00065

Date Original Mitigation Plan was submitted to FRCC: August 22, 2008

Date Mitigation Plan was completed: August 6, 2008

Name of Standard and the Requirement(s) covered under the accepted Mitigation Plan: BAL-005-0b Requirement 12.1

NERC Violation ID # (if known):

Date of Certification:

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: Bernie Budnik
Title: Manager Energy Plants
Email: Bernie.budnik@disney.com
Phone: 407-824-6441
Authorized Individual Signature



To close out a completed Mitigation Plan, fill out this form, save and email it to compliancemanager@frcc.com.

Attachment g

FRCC's Verification of Completion of the Mitigation Plan dated January 29, 2009



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

VIA E-MAIL

January 29, 2009

Mr. Bernie Budnik
Manager, Energy Plants
Reedy Creek Improvement District
P.O. Box 10000
Lake Buena Vista, FL 32830

**Re: Reedy Creek Improvement District
Mitigation Plan – Self-Reported Violation
of NERC Standard BAL-005-0, R12.1**

FRCC200800132, RCI_2008_02

Dear Mr. Budnik,

The mitigation plan completion form and evidence submitted by Reedy Creek Improvement District for the above referenced self-reported violation has been received by the Florida Reliability Coordinating Council, Inc. (FRCC). After review, the FRCC finds this mitigation plan for BAL-005-0, R12.1 is completed. The FRCC will notify the North American Electric Reliability Corporation (NERC) for its information.

If you have any questions, feel free to contact me at 813-207-7968.

Respectfully,

Barry Pagel
Manager of Compliance
bpagel@frcc.com

cc: FRCC NERC Mailbox

Attachment h

Disposition Document

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200800132	N/A	NOC-148

REGISTERED ENTITY Reedy Creek Improvement District (RCI)	NERC REGISTRY ID NCR00065
--	-------------------------------------

REGIONAL ENTITY
Florida Reliability Coordinating Council, Inc. (FRCC)

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			X	X		X		X					
5/29/07	5/29/07			6/2/08	5/29/07		5/29/07		5/29/07					

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

RCI is a public corporation of the State of Florida and is located in Orange and Osceola Counties in central Florida, about 15 miles southwest of the City of Orlando. RCI currently encompasses approximately 38.6 square miles. Two cities are located within the boundaries of RCI, Lake Buena Vista and Bay Lake. RCI's land is primarily owned by wholly owned subsidiaries of the Walt Disney Company.

RCI's utility systems include wastewater collection and treatment system, a reclaimed water system, an electric generation and distribution system, a solid waste collection and transfer system, a solid waste recycling collections and disposal system, a potable water system, a natural gas distribution system and a high temperature hot water and a chilled water system. By contract, Reedy Creek Energy Services, a part of Walt Disney, operates these systems on behalf of RCI.

RCI has a peak load of approximately 200 MW which represents approximately four tenths of one (0.4%) percent of the FRCC regional peak load.

¹ 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.

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
BAL-005-0²	12	12.1	Lower³	Severe

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

Purpose: This standard establishes requirements for Balancing Authority Automatic Generation Control (AGC) necessary to calculate Area Control Error (ACE) and to routinely deploy the Regulating Reserve. The standard also ensures that all facilities and load electrically synchronized to the Interconnection are included within the metered boundary of a Balancing Area so that balancing of resources and demand can be achieved.

R12. Each Balancing Authority shall include all Tie Line flows with Adjacent Balancing Authority Areas in the ACE calculation.

R12.1. Balancing Authorities that share a tie shall ensure Tie Line MW metering is telemetered to both control centers, and emanates from a common, agreed-upon source using common primary metering equipment. Balancing Authorities shall ensure that megawatt-hour data is telemetered or reported at the end of each hour.

VIOLATION DESCRIPTION

On August 22, 2008, RCI self-reported non-compliance with BAL-005-0 R12.1 to FRCC. RCI stated it received Tie Line MW metering from a common, agreed-upon source using common primary metering equipment with its Balancing Authority, Progress Energy Florida (PEF). However, based on RCI's determination of data reliability and update rates, RCI opted to utilize instantaneous megawatt metered values provided from RCI's internal relay equipment because it considered it more accurate, current and reliable, rather than values from the agreed-upon common primary metering source for the calculation of ACE. RCI did not believe the update rate originally received from the common equipment was adequate and chose to utilize a more reliable source of data, its internal relays, to calculate ACE.⁴

² BAL-005-0 was enforceable from June 18, 2007 through August 27, 2008. BAL-005-0b was approved by the Commission and became enforceable on August 28, 2008. BAL-005-0.1b is the current enforceable Standard as of May 13, 2009. The subsequent interpretation and errata provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, BAL-005-0, is used throughout.

³ BAL-005-0 R12, R12.2 and R12.3 have been assigned a "Medium" Violation Risk Factor (VRF) and R12.1 has been assigned a "Lower" VRF.

⁴ BAL-005 R8 requires data acquisition for and calculation of ACE occurs at least every six seconds. It is surmised the update rate was more than six seconds.

While the received data was not used in the ACE calculation, RCID continued to telemeter and archive the instantaneous megawatt reading from the common source into the RCI energy management system (EMS)/Supervisory Control and Data Acquisition (SCADA) system. RCI verified the accuracy and consistency of data from its internal relays by comparing it to the data received from the common meter points on an hourly basis and no significant inaccuracies were identified between the two sources. In a joint trouble shooting effort, RCI and PEF identified configuration issues causing the delayed update rate to RCI and have implemented modifications to improve data performance.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the common megawatt data was being compared to the more reliable RCI's internal relay which were capable of producing data at a rate equal to or less than the required rate of 6 seconds. FRCC also evaluated the potential effects to MW data reporting to other Resource and Demand Balancing (BAL) and Interchange Scheduling and Coordination (INT) Reliability Standards (primarily those relating to ACE calculations and interchange values) and determined that RCI's calculations were correct even though the metering source RCI was utilizing was not agreed upon.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

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

☐

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

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **8/22/2008**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1401**

DATE SUBMITTED TO REGIONAL ENTITY	8/22/2008
DATE ACCEPTED BY REGIONAL ENTITY	9/22/2008⁵
DATE APPROVED BY NERC	3/3/2009
DATE PROVIDED TO FERC	3/9/2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF APPLICABLE

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/6/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **8/6/2008**

DATE OF CERTIFICATION LETTER **8/22/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **8/6/2008**

DATE OF VERIFICATION LETTER **1/29/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **8/6/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

⁵ The Settlement Agreement incorrectly states that FRCC accepted the Mitigation Plan on September 25, 2008.

RCI submitted a Mitigation Plan committing to using the agreed upon source of Tie Line MW metering. RCI completed the Mitigation Plan on August 6, 2008, before its submission, when RCI and PEF agreed upon the common primary metering source. In order to prevent future risk to the BPS, RCI has identified NERC Reliability Standard requirements applicable to its energy management SCADA/EMS system and established ownership responsibility for each requirement. These requirements applicable to system configuration and operation have been documented and archived so that they must be referred to prior to implementing modifications or updates to the system.

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

RCI submitted several e-mail communications between RCI and PEF personnel relating to identifying and agreeing upon the common primary metering source that should be used. The -emails were dated between August 1, 2008 and August 8, 2008.

V. PENALTY INFORMATION

TOTAL PROPOSED PENALTY OR SANCTION OF **zero dollars (\$0)** FOR 1 VIOLATION.

(1) DOCUMENTATION ☐ PERFORMANCE ☒ BOTH ☐

EXPLAIN (FOR DOCUMENTATION-TYPE VIOLATIONS, INCLUDE A DESCRIPTION OF HOW THE REGIONAL ENTITY VERIFIED THAT THE REGISTERED ENTITY HAD PERFORMED IN ACCORDANCE WITH THE RELIABILITY STANDARD(S)/REQUIREMENT(S))

(2) 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

ADDITIONAL COMMENTS

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

YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND
STATUS

ADDITIONAL COMMENTS

(3) 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

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S
COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☐ NO ☒

EXPLAIN

**RCI did not have a sufficient Internal Compliance Program (ICP) at
the time of the violations and therefore, as above and beyond
settlement actions, RCI agreed to implement the following
improvements:**

- (1) fully document the ICP, and have it reviewed and approved by an
Authorized Entity Officer or equivalent;**
- (2) disseminate the ICP to all of its employees specified in the ICP;**
- (3) have the ICP oversight position be supervised at a high level
within the organization;**
- (4) make the ICP oversight position have independent access to its
Chief Executive Officer and/or its Board of Directors;**
- (5) have the ICP be managed and operated fully independent of the
work groups that are responsible for complying with Reliability
Standards to the extent possible;**
- (6) include internal self auditing for compliance on an annual basis
for full compliance with all Reliability Standards applicable to the
entity; and**
- (7) include disciplinary actions for employees involved in Reliability
Standards violations.**

On April 9, 2010, FRCC evaluated RCI's evidence of ICP implementation and documented previous review of RCI's ICP using FRCC's Compliance Program Audit Worksheet (CPAW).

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

In the newly developed ICP, RCI defined (1) the role of senior management in fostering compliance; (2) effective preventive measures to ensure compliance; (3) prompt detection, cessation, and reporting of violations; and (4) remediation efforts. RCI has committed to aggressively adopting, fostering and maintaining an effective corporate culture of compliance and put into place rigorous procedures and processes that provide effective accountability for compliance.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

See above

(5) 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

(6) 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

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☒ NO ☐

IF YES, EXPLAIN

Although RCI failed to use Tie Line MW metering from a common, agreed-upon source using common primary metering equipment in its

ACE calculation as required by the Standard, it used an alternate source of data which updated at a faster rate to calculate its ACE.

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

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

(10) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

EXHIBITS (SEE ATTACHMENTS TO THE NOTICE OF PENALTY):

SOURCE DOCUMENT

RCI's Self-Report for BAL-005-0 R12.1 submitted August 22, 2008

MITIGATION PLAN

RCI's Mitigation Plan for BAL-005-0 R12.1 dated August 22, 2008

CERTIFICATION BY REGISTERED ENTITY

RCI's Certification of Completion of the Mitigation Plan for BAL-005-0 R12.1 dated August 22, 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(S) **3/3/2010** OR N/A ☐

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Reedy Creek Improvement District

Docket No. NP10-____-000

NOTICE OF FILING
June 8, 2010

Take notice that on June 8, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Reedy Creek Improvement District 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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary