



City of Leesburg
Reliability Compliance Program



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1. Purpose

City of Leesburg (LSBG) has a well-established Reliability Compliance Program that reflects LSBG's longstanding commitment to comply with the North American Electric Reliability Corporation (NERC) and Florida Reliability Coordinating Council (FRCC) mandatory reliability standards requirements. The goal of LSBG's Reliability Compliance Program is to maintain a culture that promotes the commitment to adopt and ensure enforcement of new and more effective internal controls and procedures to ensure compliance.

This Reliability Compliance Monitoring and Enforcement Program ("Reliability Compliance Program") is the program used by LSBG to monitor, assess, and enforce compliance with Reliability Standards within the state of Florida. This is accomplished through strong leadership, communication, training, monitoring, response, remediation and enforcement.

2. References

NERC Compliance Monitoring Enforcement Program (CMEP)

FRCC Compliance Monitoring Enforcement Program

FRCC CMEP Implementation Plan

3. Overview

A strong atmosphere of compliance is demonstrated by:

3.1 Clear communication from the Director of Electric that a culture of high ethics and reliability compliance is desired and expected.

3.2 Having a Electric System Operations Supervisor (Compliance Manager) who reports to the Director of Electric and is fully supported by the City Manager and the City Commission. *(See City of Leesburg organizational chart attachment A.)*

3.3 A well documented and widely disseminated Reliability Compliance Program within LSBG that is reviewed on a yearly basis and also modified as needed.





- 3.4 Managing and operating the internal compliance program independently of the areas that are responsible for complying with reliability standards.
- 3.5 Mandatory education and training for all affected employees on compliance responsibilities and risks.
- 3.6 An internal monitoring process.
- 3.7 Responding to issues as they are presented and taking immediate action for remediation and enforcement.
- 3.8 LSBG's provision of appropriate financial support, personnel, and resources to accomplish the mission of its Reliability Compliance Program.
- 3.9 LSBG's uses a "find, fix, track and report" approach towards significant issue. LSBG will typically use an apparent or root cause approach proportional to the issue at hand. LSBG will formulate corrective actions, if needed, commensurate to the issues found in "fix". Those corrective actions will be tracked by the Compliance Office until completion or as indicated by the Electric System Operations Supervisor (Compliance Manager). Issues will also be reported as appropriate to the Regional Entity (FRCC).

4. Leadership and Structure

LSBG's Reliability Compliance Program is fully supported by the City Manager with a key goal to foster a culture of compliance within LSBG. The Electric System Operations Supervisor (Compliance Manager) is charged with the responsibility and daily accountability of the program.

- 4.1 The Electric System Operations Supervisor (Compliance Manager) is charged with the responsibility of day-to-day direction, development, implementation, and monitoring of the Reliability Compliance Program.





- The Electric System Operations Supervisor (Compliance Manager) reports to the Director of Electric, and is encouraged to discuss reliability/compliance matters and provide periodic reports to City Manager Staff and the City Commission.
 - The Electric System Operations Supervisor (Compliance Manager) provides strategic guidance and oversight for the processes, training, and implementation needed to ensure full compliance with NERC and FRCC Reliability Standards.
 - The Electric System Operations Supervisor (Compliance Manager) has the ability to effectuate change within the organization as necessary and to exercise independent judgment. As a result, the Electric System Operations Supervisor (Compliance Manager) has unrestricted access to information, executives, and meetings related to compliance issues.
 - The Electric System Operations Supervisor (Compliance Manager) is LSBG's primary compliance contact with the NERC and the FRCC and is responsible for compliance reporting to those organizations on LSBG's behalf.
 - The Electric System Operations Supervisor (Compliance Manager) shall be knowledgeable about, applicable Reliability Standards, compliance program management, employee training, communication, and auditing.
5. LSBG is committed to taking all necessary steps to effectively communicate mandatory standards and applicable procedures to all affected personnel.
- Corporate policies, procedures, and guidelines are available to employees at all times through the LSBG intranet.





- Compliance information and issues are communicated to employees through Company e-mail, web page information, compliance training, and LSBG Policies and Procedures.

6. Compliance Open Door Policy

LSBG strives to provide a work environment that encourages employees to communicate openly with management about all types of workplace issues through the Company Open Door Program. Accordingly, employees are encouraged to bring compliance issues of any type to the attention of management without the fear of retaliation or recrimination.

To support this concept, LSBG has established the following steps:

- LSBG encourages employees, as a first step, to seek out an immediate supervisor or manager to discuss reliability compliance issues.
- If the matter is not successfully resolved, an employee may pursue the issue with his/her next level of management, as far as needed, including to the Electric System Operations Supervisor (Compliance Manager) and/or the Director of Electric.

7. Education and Training

Another critical element of LSBG's Reliability Compliance Program is the education and training of employees on their obligation to comply with current mandatory Reliability Standards that are applicable to LSBG registered functions. LSBG regularly reviews and updates the content of all training to ensure it remains relevant and current, as well as identify updates on a real-time basis.

- The Electric System Operations Supervisor (Compliance Manager) conducts mandatory compliance training for all employees. The Compliance Training Program includes employees' responsibility to ensure compliance and risks associated with non-compliance.





- As a condition of their employment, all employees directly affected by NERC and FRCC Reliability Standards undergo mandatory initial, refresher and targeted training provided by the Electric System Operations Supervisor (Compliance Manager) and other qualified individuals.
8. LSBG uses Five (5) monitoring processes to collect information in order to assess compliance risk. The Electric System Operations Supervisor (Compliance Manager) conducts (1) Internal Compliance Audits, (2) Self-Certifications, (3) Spot Checking and (4) Investigate allegations of non-compliance, (5) as a member of FMPA All Requirements Project (ARP) LSBG will utilize the services of FMPA Compliance Office.
9. Internal Compliance Audits.
- All Internal Compliance Audits are conducted in accordance with audit guides (as approved by NERC) established for all of the Reliability Standards for which LSBG is registered.
 - Audit results and recommendations are reported to the Director of Electric and other appropriate personnel. Audit reports include the response plan(s) received from management. Follow up audits are conducted on the response plan(s) where appropriate.
 - Internal Compliance Audits are conducted entirely by LSBG personnel. At the discretion of the Electric System Operations Supervisor (Compliance Manager) or Director of Electric, independent outside consultants may be used.
10. Spot Checking.
- Spot Checking is conducted by the LSBG Electric System Operations Supervisor (Compliance Manager). Spot Checking may be initiated by the Electric System Operations Supervisor (Compliance Manager) at any time to verify or confirm Self-Certifications, Self Reporting, and Periodic Data





Submittals. Spot Checking may be random or may be initiated after a system event. The Electric System Operations Supervisor (Compliance Manager) then reviews the information submitted to verify LSBG's compliance with the Reliability Standard.

11. Compliance Investigations of Reliability Standard Violations.

An investigation may be initiated at any time by the Electric System Operations Supervisor (Compliance Manager) in response to a system disturbance, complaint, or possible violation of a Reliability Standard identified by any other means.

12. LSBG recognizes that even an effective Reliability Compliance Program may not prevent all violations. If a compliance monitoring activity confirms non-compliance with or an Alleged Violation to NERC or FRCC Reliability Standards:

- Appropriate Self-Reporting forms and Mitigation Plans will be submitted to correct the violation and its underlying causes to the Compliance Enforcement Authority. The Mitigation Plans shall contain:
- A plan to correct the Alleged or Confirmed Violation(s).
- An action plan to prevent recurrence of the Alleged or Confirmed Violation(s).
- 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.
- 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.



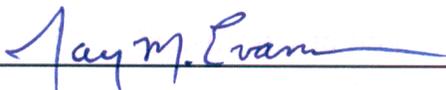


13. LSBG will respond immediately to alleged violations. Although each situation is considered on a case-by-case basis, consistent and appropriate disciplinary action will be taken to address inappropriate conduct and deter future violations.

- LSBG will assess whether identified violations are in part due to gaps in policies, practices, or internal controls, and if so, take appropriate action to prevent future violations.
- LSBG will take all reasonable steps to correct the area of concern, including any necessary modification to LSBG Reliability Compliance Program to prevent and detect violations, in order to prevent recurrences.

14. Industry participation

LSBG as an FMPA ARP member participates in the FMPA Compliance Committee conference calls, workshops, and member peer reviews. LSBG participates in FRCC compliance workshops. LSBG believes it is important to participate in the industry to ensure LSBG remains current with any proposed standards.



Jay M. Evans, City Manager

02/01/2012

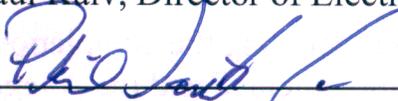
Date



Paul Kalv, Director of Electric

2/1/2012

Date



Phil Janik Jr, Electric System Operations Supervisor

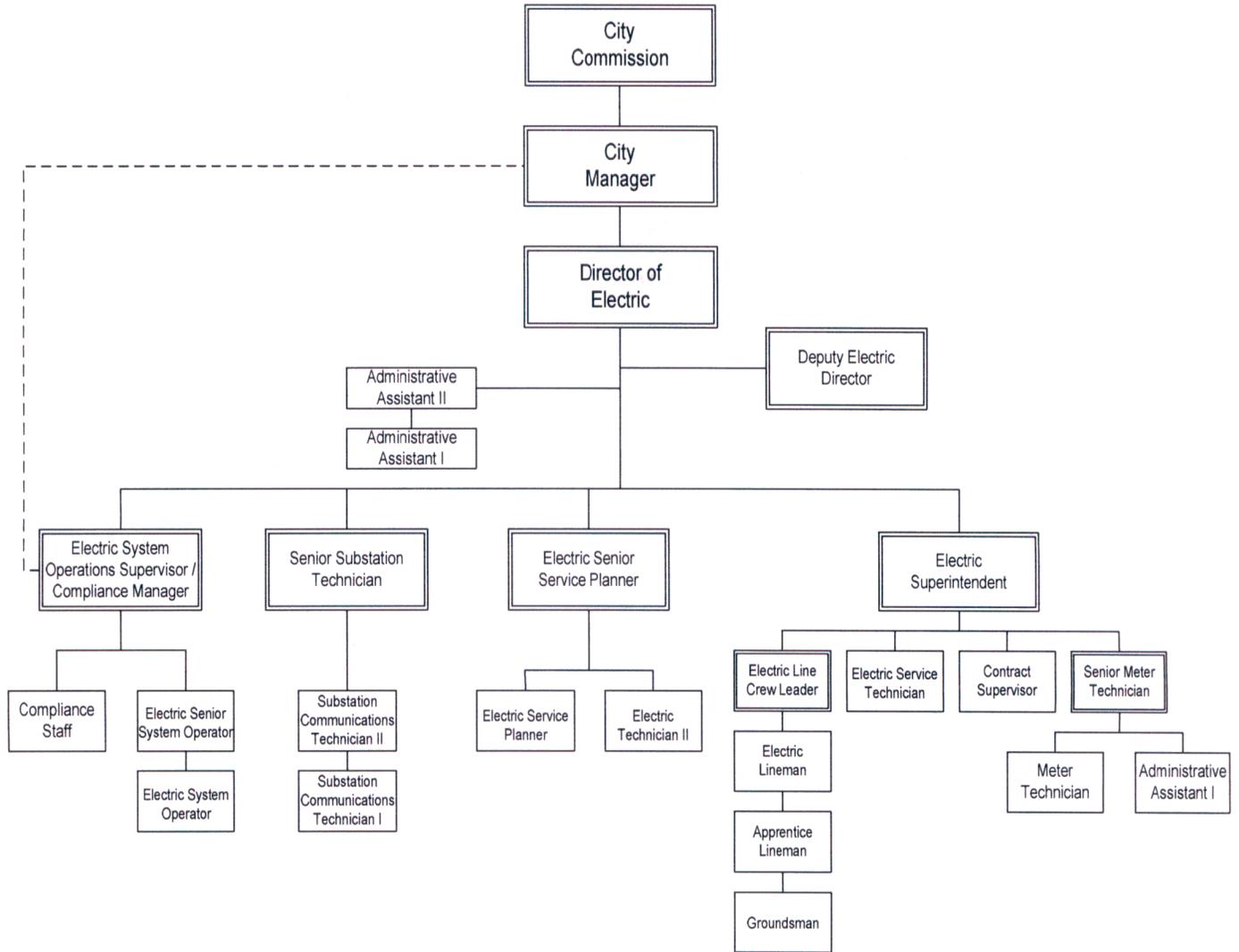
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Date





City of Leesburg
Organizational Chart



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