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Electric Operations and Planning Compliance Policy and Administrative Guideline

Gainesville Regional Utilities

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I. Compliance with Reliability Standards and Rules

The Energy Policy Act of 2005 broadened the powers of the Federal Electric Regulatory Commission (FERC) to certify and oversee the nation's Electric Reliability Organization (ERO), regulating reliability aspects of the bulk power generation and transmission grid. FERC has since certified the North American Electric Reliability Corporation (NERC) to serve as the ERO, with certain functions delegated to regional entities. In Florida, NERC has delegated compliance monitoring and enforcement to the Florida Reliability Coordinating Council (FRCC). Subject to review and approval by FERC, NERC is responsible for promulgating mandatory reliability standards and rules of conduct applicable to "all users, owners and operators of the bulk-power system," which includes generation, transmission, and, in some cases, distribution facilities.

Policy Statement

In the conduct of its electric business, the City of Gainesville, Florida, doing business as Gainesville Regional Utilities (GRU), owns and operates facilities which are part of Florida's bulk power electrical transmission grid and, in turn, relies upon the grid for power supply and reliability services. It is the policy of the Gainesville City Commission (Commission) to comply with all applicable reliability standards and rules promulgated by FERC, NERC, and/or FRCC, and to instruct the General Manager to establish administrative guidelines and procedures designed to assure compliance. The standards and rules that apply relate to GRU's functional and registered status with NERC as a:

*Balancing Authority
Transmission Operator
Planning Authority
Resource Planner
Transmission Planner
Transmission Owner
Distribution Provider
Generation Owner
Generation Operator
Load Serving Entity
Interchange Authority*

II. Administrative Guideline Regarding Compliance with Specific Rules and Regulations

FERC, NERC, and FRCC have promulgated regulations and standards (Rules and Standards) applicable to the planning, design, maintenance and operation of the electric system, disclosure of certain information, behavior of employees or agents and reporting of specific events. The purpose of this Electric Operations and Planning Compliance Policy and Administrative Guideline and the associated Electric Compliance Program is to assure compliance with these Rules and

Standards. GRU is currently not registered as a: Reliability Coordinator; Transmission Service Provider; Reserve Sharing Group; or a Purchasing/Selling Entity under NERC's functional definitions. Rules and Standards uniquely applicable to these functions do not currently apply to GRU.

The objectives of this Policy and Administrative Guideline ("Guideline") are to:

- Articulate GRU's compliance philosophy and objectives;
- Establish the governance structure for Electric Operations and Planning Compliance Committee (EOPCC);
- Clearly delineate the roles and responsibilities of the groups and individuals responsible for implementing the Electric Compliance Program;
- Define the process that will be used to manage GRU's Electric Compliance Program.

This Guideline addresses only the following rules, regulations and standards:

- FRCC/NERC/FERC Electric Reliability Standards
- FERC OATT Order 888/890 Rules
- FERC Order 889 Standards of Conduct
- FERC Order 670 Market Manipulation Rules
- FRCC Electric Reliability Standards and 10-year Transmission Expansion Plan

This Guideline does not address environmental compliance, or accounting/financial rules and reporting. This Guideline does address GRU's interface with The Energy Authority (TEA) as it may relate to the above rules. GRU management positions/classifications as set forth in Appendix B shall be responsible for the implementation of this Guideline within their respective areas of responsibility.

III. Policy and Guideline Establishment and Applicability

A. Establishment, Authority, Approval, and Revision

The Commission must approve the Policy Statement as well as any future changes to the Policy Statement. Commission approval shall not be required for the procedures or administrative guidelines that are developed and amended from time to time to implement this Policy Statement. Potential amendments, supplements, or updates to this Guideline shall be first brought to the Electric Operations and Planning Compliance Committee (EOPCC) for review. On at least an annual basis (but more frequently if deemed appropriate) the General Manager or his/her designee will review the Policy Statement and determine if any approved recommendations from members of the EOPCC should go to the Commission for final approval in order to account for changes in system function or for other appropriate business reasons.

It is expected that additional procedures will be developed to fully implement this Guideline. The development and implementation of those policies and procedures are the responsibility of the assigned groups. Such procedures do not require General Manager approval, provided they do not conflict with the Policy Statement or this Guideline. In the event any such procedures do conflict with this Guideline, this Guideline shall prevail.

All GRU management personnel responsible for activities covered by this Guideline shall acknowledge in writing, on an annual basis or upon any revision to this Guideline and any attachments, that they understand GRU's commitment to comply with the Rules and Standards, have read and understand this Guideline and will continue to comply with this Guideline, associated practices and procedures and the Rules and Standards as they apply to GRU and its employees. These acknowledgements will be maintained by the Assistant General Manager (AGM) of Strategic Planning.

Questions about the interpretation of any matters relating to this Guideline should be referred to the AGM of Strategic Planning. The AGM of Strategic Planning will also provide clarification and explanation on any updates to the Guideline.

All legal matters stemming from this Guideline will be referred to the appropriate legal counsel.

B. Applicability of Guideline

This Guideline shall apply to all GRU employees engaged in activities governed by Rules and Standards or possessing or privy to information, the dissemination of which is governed by the Rules and Standards. It shall also apply to those employees involved in the management of the program, including the General Manager and the members of the EOPCC. The GRU management positions/classifications responsible for implementing this Guideline are set forth in Appendix B.

IV. Assignment of Responsibility

A. The Commission Responsibilities

The Commission is responsible for:

- a) Approving the Policy Statement;
- b) Providing the necessary resources for GRU to fulfill the obligations associated with the Electric Compliance Program.

The Commission shall delegate the administration and oversight of this Guideline to the General Manager as described below.

B. General Manager Responsibilities

The General Manager and any person designated to perform these duties in connection with the Electric Compliance Program and this Guideline, are accountable to the Commission and responsible for:

- a) The management and control of compliance activities throughout the organization as set forth in this Guideline;
- b) Discussing significant compliance issues with the Commission;
- c) Staffing the key positions with individuals qualified to implement the Electric Compliance Program;
- d) Reporting to the Commission on at least an annual basis GRU's compliance activities and the performance of the Electric Compliance Program;
- e) Designating the membership of the EOPCC;
- f) Reviewing and approving any proposals from EOPCC members related to this Guideline.

C. EOPCC Responsibilities

1. Purpose

The oversight and administration of the Electric Compliance Program is the responsibility of the members of the EOPCC in each of their respective areas of responsibility. With respect to the Electric Compliance Program, the primary responsibility of the EOPCC is to assure coordination among the administrative areas by:

- a) Stating and communicating GRU's compliance philosophy to employees;
- b) Monitoring compliance performance;
- c) Reviewing and coordinating the major strategies employed to manage compliance;
- d) Identifying any need to modify this Guideline pursuant to regulatory or business changes;
- e) Developing and amending the operational and planning practices and procedures needed to implement this Guideline to ensure compliance with specified rules, regulations and standards;
- f) Maintaining a strong working knowledge of the compliance issues inherent in GRU's operations;
- g) Maintaining a good working knowledge of GRU activities subject to compliance;

- h) Reviewing on a monthly basis compliance reports and performance information;
- i) Ensuring all employees are educated about their compliance responsibilities;
- j) Providing a forum for addressing reports of non-compliance or compliance problems from both internal and non-GRU parties;
- k) Preparing reports and presentations for the General Manager.

2. Membership

The EOPCC shall be comprised initially of five (5) members: the AGM of Strategic Planning, AGM of Energy Delivery, Control Area Manager, Systems Control Manager and the (Electric) Systems Planning Director.

3. Governance and Meeting Frequency

The EOPCC shall meet at least quarterly or more frequently as needed to carry out its responsibilities as set forth above.

D. Legal Counsel Responsibilities

GRU's legal counsel shall review this document and related procedures and compliance issues as appropriate.

E. Internal Audit Responsibilities

On a basis to be determined by the EOPCC, an internal audit shall be conducted to assess compliance with this Guideline and compliance by GRU with the Rules and Standards.

F. Operating and Planning Unit Responsibilities

1. Co-Chairs of the EOPCC (AGM for Strategic Planning and AGM for Energy Delivery)

- a) Ensure overall compliance of GRU personnel with this Guideline and related practices and procedures;
- b) Ensure all employees are aware of their compliance responsibilities;
- c) Oversee compliance training for all appropriate employees;
- d) Assist General Manager in presenting the Electric Compliance Program Report to the Commission annually;
- e) Administer compliance documentation and record retention;
- f) Call meetings and set agendas for the EOPCC.

2. (Electric) Systems Planning Director

- a) Participation as a member of the EOPCC;

- b) Keep abreast of industry developments that may change GRU's compliance requirements;
- c) Keep the EOPCC aware of compliance issues and potential compliance exceptions;
- d) Assure that all required planning studies are performed and adequately documented;
- e) Develop and maintain a compliance procedures manual;
- f) Implement and maintain an electronic system to track Rules and Regulations, assign responsibilities, track compliance status, and make reports and documents available;
- g) Coordinate timely review of all compliance related documentation to assure accuracy and completeness.

3. Control Area Manager

- a) Participate as a member of the EOPCC;
- b) Work with TEA management and staff to ensure TEA-GRU interfaces and communications comply with applicable Standards and Rules;
- c) Maintain GRU compliance metrics for review by the EOPCC;
- d) Work with GRU management and staff to design, document, implement and monitor procedures and processes to ensure compliance as required by this Guideline;
- e) Lead responsibility to coordinate and facilitate responses to all compliance surveys, forms requests, etc;
- f) Ensure the appropriate and required confidentiality of information collected.

4. Systems Control Manager

- a) Participate as a member of the EOPCC;
- b) Collect and administer telemetry data that is required to support GRU system reliability monitoring;
- c) Maintain GRU compliance metrics for review by the EOPCC;
- d) Work with GRU management and staff to design, document, implement and monitor procedures and processes to ensure compliance as required by this Guideline;
- e) Keep abreast of industry developments that may change GRU's compliance requirements;
- f) Keep the EOPCC aware of compliance issues and potential compliance violations;

- g) Provide technical support for the GRU telemetry system.
- h) Backup responsibility to coordinate and facilitate responses to all compliance surveys, forms requests, etc;

5. AGM for Strategic Planning

- a) Implement and execute processes as assigned by the EOPCC to meet the objectives of GRU's Electric Compliance Program;
- b) Supply requested data and respond to survey/audit requests by Compliance Agencies or the EOPCC;
- c) Ensure the appropriate and required confidentiality of information collected;
- d) Ensure compliance of assigned staff to the Rules and Standards.

6. AGM for Energy Delivery

- a) Implement and execute processes as assigned by the EOPCC to meet the objectives of the Electric Compliance Program;
- b) Supply requested data and respond to survey/audit requests by Compliance Agencies or the EOPCC;
- c) Ensure the appropriate and required confidentiality of information collected;
- d) Ensure compliance of assigned staff to the Rules and Standards.

Appendix

A. Definitions

- Compliance Agencies – FERC, NERC, FRCC, or NAESB
- FERC – Federal Energy Regulatory Commission
- FRCC – Florida Reliability Coordinating Council
- OATT – Open Access Transmission Tariff as defined by FERC in their order 888, 889 and 890
- NAESB – North American Energy Standards Board
- NERC – North American Electric Reliability Corporation
- Guideline – GRU's Electric Operations and Planning Compliance Guideline.
- Rules and Standards – Any rule, standard, requirement or regulation which is mandatory for GRU and its employees to comply with (as an electric utility) as specified in FERC Order 670, FERC Order 889, FERC Order 888, FERC Order 890, FERC approved NERC Reliability Standards, FRCC Regional Standards.

B. Applicable GRU Positions and Classifications

- General Manager
- Assistant General Manager of Strategic Planning
- Assistant General Manager of Energy Delivery
- Assistant General Manager of Energy Supply
- Chief Finance / Information Officer
- Control Area Manager
- Systems Control Manager
- Systems Planning Director

Approved as to form and legality _____ Date _____
Utilities Attorney

Guideline Approved _____ Date _____
General Manager

Guideline Reviewed _____ Date _____
AGM of Strategic Planning

Guideline Reviewed _____ Date _____
AGM of Energy Delivery

Guideline Reviewed _____ Date _____
AGM of Energy Supply

Guideline Reviewed _____ Date _____
Chief Finance / Information Officer

Guideline Reviewed _____ Date _____
Control Area Manager

Guideline Reviewed _____ Date _____
Systems Control Manager

Guideline Reviewed _____ Date _____
Systems Planning Director