

MEMORANDUM

TO: Water & Light Advisory Board

FROM: Ron Wyble, NERC Compliance Officer

DATE: December 27, 2012

SUBJECT: 2012 NERC Compliance Report and 2013 Preview

Summary: In June 2007, the North American Electric Reliability Corporation (NERC) was granted the authority to create regulations for safe and reliable generation, transmission, and distribution of electric energy in North America. They were also granted the authority to impose sanctions on any electric utility who failed to maintain compliance with those regulations.

To allow for a more efficient and streamlined operation, NERC delegated compliance verification tasks to nine Regional Reliability Organizations (RROs). SERC Reliability Corporation is the regional entity that ensures the City of Columbia Water and Light Department (CWLD) is compliance with the NERC Reliability Standards.

Since June 2007, CWLD has undergone several audits (including on-site, off-site, and spot checks) to ensure compliance with the regulations outlined in the NERC Standards.

Compliance Issues since last Advisory Board Update:

In September of 2010 CWLD had self-reported two possible violations (PVs) of the FAC 008 and 009 Reliability Standards. The first PV was an issue with our Facilities Rating Methodology which could allow Bulk Electric System elements to be incorrectly rated. The second PV was that we did not use our Methodology to correctly rate our equipment. In early 2012, the first PV was determined to be a violation and was mitigated and handled through the Find/Fix/Track program and all correcting actions have been completed. The second PV was dismissed due to the fact we had used our methodology to perform our ratings even though the methodology was flawed.

During the SERC/NERC Reliability Audit performed in early October, 2010 a PV was found in the PRC 008 Reliability Standard. This PV was an issue with required maintenance periodicity and the associated evidence. This PV was dismissed due to the fact that incorrect evidence of periodicity was shown to auditors which led to incorrectly determined maintenance scheduling due dates. After showing correct evidence for periodicity and the associated maintenance records SERC dismissed the PV.

2012 NERC Compliance Operations:

CWLD has completed its NERC required annual System Operator training on Emergency

Operations and its annual NERC Compliance Training for all staff who could potentially impact CWLD's compliance with the NERC Standards.

CWLD has completed its NERC required annual assessment of its electric system to evaluate its ability to operate safely and reliably in normal and emergency conditions. During the assessment it was determined that reliability issues could arise involving the Bolstad to Switzer line during certain contingencies and that the southwest portion of the CWLD area is susceptible to multiple reliability issues during dual contingencies where one element is the Perche Creek to Huntsdale line. These issues have been previously identified and capital projects have been created to address these issues.

CWLD has created a "NERC Reliability Related Task List" for its Balancing Authority Operators to begin work on the upcoming PER 005 Reliability Standard.

Future Compliance Issues:

To comply with NERC Standard EOP 008, CWLD is required to create a fully redundant backup control center for its Transmission Operations and Balancing Authority. An outside consultant has completed the design phase for the project. The construction phase is scheduled to start in early January 2013. This is expected to be completed March 2013. The facility is required to be completed and operational by July 1st 2013.

NERC Standard PER 005 will require CWLD System Operators to receive significantly more training time with emphasis on the CWLD system versus the generic system operator training that CWLD is using currently. The required operator training has to be completed by April 1st, 2013.

CWLD is scheduled for a Critical Infrastructure Protection Standards audit in February 2013.

CWLD is scheduled for an on-site Operation and Planning Standards audit October 4-8, 2013.

RECOMMENDATION: Information only.

Cc: Water and Light Staff