
CITY OF ANAHEIM PUBLIC UTILITIES DEPARTMENT ORDER

501 – NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION (NERC) AND WESTERN ELECTRICITY COORDINATING COUNCIL (WECC) INTERNAL COMPLIANCE PROGRAM

I. BACKGROUND

To ensure that the energy needs of the City of Anaheim Public Utilities Department (APU) customers are met in a safe, secure, efficient, and reliable manner, it is critical that appropriate APU personnel have an understanding of, and appreciation for, the importance of adherence to the mandatory and enforceable Reliability Standards that are approved by the Federal Energy Regulatory Commission (FERC).

The purpose of this Internal Compliance Program (“Program”) is to document internal policies, procedures, and guidelines established to ensure APU remains in compliance with mandatory and enforceable NERC and WECC Reliability Standards and to protect the reliability of the regional electric system. This Program delineates intra-division compliance responsibilities. It describes various internal compliance monitoring and enforcement measures that will be used to assess compliance with Reliability Standards and to ensure that compliance responsibilities are thoroughly delineated and responsibilities assigned to the appropriate subject matter experts.

Delivering reliable energy to Anaheim customers means meeting, and even exceeding, minimum federal requirements for reliability. To contribute to this goal, APU continuously evaluates areas for improvement that enhance reliability. Program objectives are laid out to guide the organization’s activities so that they become a part of the organization’s compliance infrastructure, leading to a “culture of compliance”.

A. Compliance Mission Statement

APU’s compliance mission is to meet or exceed all applicable requirements, and implement best utility practices to encourage a culture of security, reliability, and learning throughout the organization for the benefit of Anaheim residents and businesses.

II. APPLICABLE LEGAL, REGULATORY AND MUNICIPAL REQUIREMENTS

A. Legal and Regulatory Requirements

- The Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act.

B. Municipal Requirements

- City of Anaheim Personnel Rules covering Management, Confidential, and Non-Represented Part-time Employees
- Management Pay Policies Covering Executive, Administrative, Middle Management, Supervisory and Professional Employees
- Memorandums of Understanding between the International Brotherhood of Electrical Workers, Local 47 and the City of Anaheim
- Administrative Regulation 223 – Performance Appraisals
- Department Order 171 – Records and Information Management
- Electric System Order 1514 – Sabotage Recognition and Reporting Procedures
- Electric System Order 2519 – Disturbance Reporting Procedures
- Electric System Order 2527 – Protection System Failure, Misoperation and Underfrequency Load Shedding Event Analysis, Mitigation and Reporting Procedure

Administrative Regulations:

Issued by the City Manager under authority of the City Charter and set forth and clarify the various administrative procedures and processes necessary for the efficient management of the City

Department Orders:

Administrative policies and procedures of the City of Anaheim Public Utilities Department

System Orders:

Technical policies and procedures of the City of Anaheim Public Utilities Department

III. RELIABILITY STANDARDS

A. Background

Under the Energy Policy Act of 2005 (EPAcT), Congress and the President determined, partly in response to the nationwide blackout that occurred in August 2003, that the reliability of the United States' electric system needed to be strengthened through a single, uniform set of standards that would be developed, implemented, and enforced on a federal level. For this reason, EPAcT contained provisions that required the FERC to approve a set of mandatory and enforceable Reliability Standards with which nearly all users, owners, and operators of the bulk electric system are obligated to comply. EPAcT also increased FERC's authority to impose financial penalties for violations of its regulations, including the Reliability Standards.

Following the passage of EPAcT, FERC approved one entity, NERC to act as the country's Electric Reliability Organization (ERO). As the ERO, NERC became responsible for developing and implementing the mandatory and enforceable Reliability Standards subject to FERC approval. NERC subsequently delegated some of its responsibilities for monitoring compliance with and enforcing the Reliability Standards to six regional entities, one of which is WECC.

Shortly thereafter, FERC approved an initial set of mandatory and enforceable Reliability Standards that became effective on June 18, 2007. The Reliability Standards, which were previously voluntary, address many different areas of utility operations and apply to a wide array of different utility organizations. Although many utilities were already familiar with some of NERC's voluntary standards and satisfied them as a matter of good utility practice, once approved by FERC, compliance with the Reliability Standards is no longer a matter of choice. Currently, under FERC's mandatory and enforceable Reliability Standards, most electric utilities throughout the United States must meet

the requirements of the Reliability Standards or face the possibility of significant financial penalties.

B. How the Reliability Standards Impact APU

The Reliability Standards apply to different categories of organizations depending upon the functions that are performed. The City of Anaheim is presently included in the “Compliance Registry,” which is a list maintained by NERC of all organizations that have been identified for compliance with the Reliability Standards, in the following functional categories:

- Distribution Provider (DP)
- Resource Planner (RP)

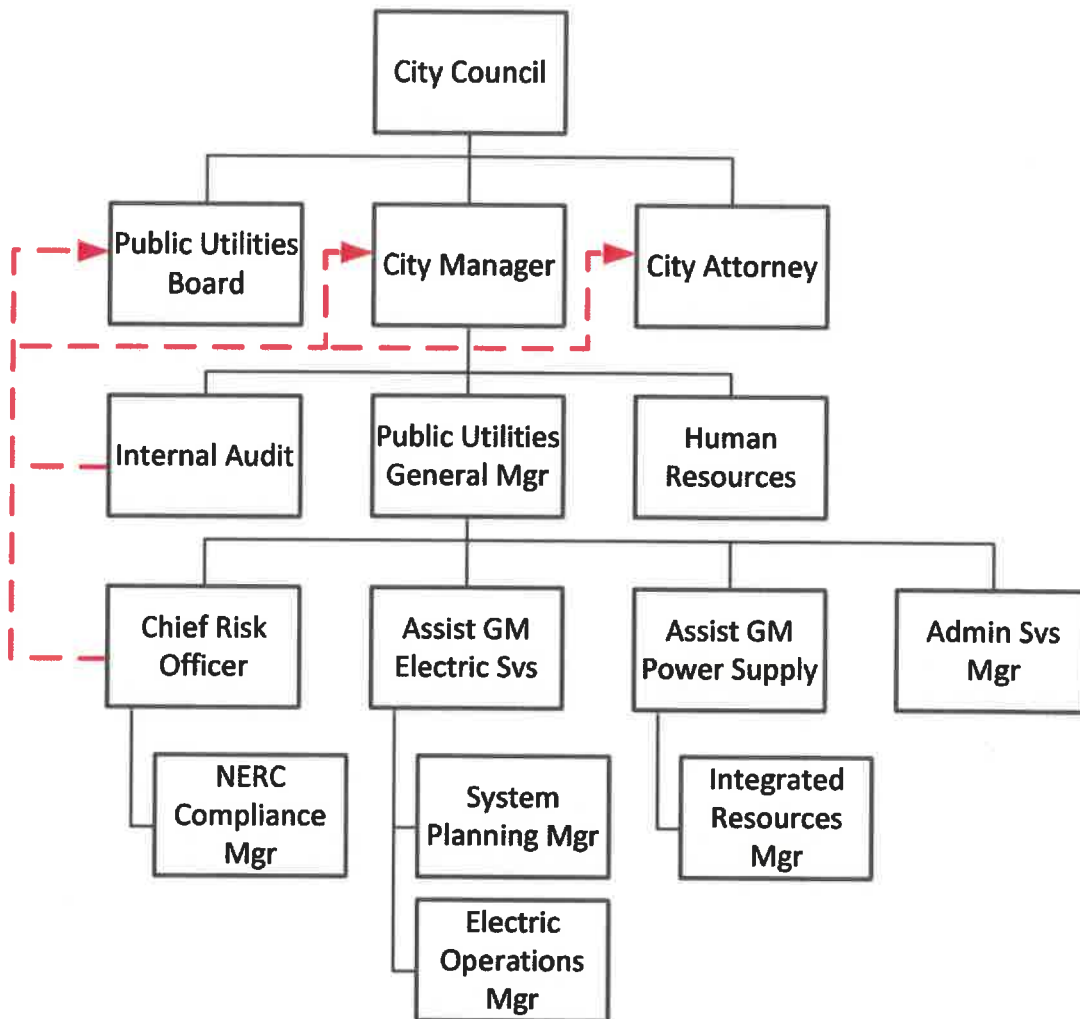
The Department is obligated to comply with all of the Reliability Standards that are applicable to the two functional categories listed above. To promote a culture of compliance, the Department has established an effective interface and internal communication program for all personnel who have direct responsibility for complying with the Reliability Standards. The following interface and outreach activities have been implemented:

- Regularly scheduled compliance meetings are held with all APU Managers having compliance responsibilities. During these meetings, compliance status reports are discussed, along with suggestions for enhancing the APU’s Program.
- Updates from NERC and WECC are distributed to personnel having compliance responsibilities. Personnel have the opportunity to ask questions and raise concerns.
- Information received from other entities having similar functional responsibilities to those of APU is distributed to appropriate Division Managers and/or subject matter experts to provide support for the compliance work they are performing.

IV. INTERNAL COMPLIANCE PROGRAM RESPONSIBILITIES

The Program is organized by APU and is structured to align with City governance and management. As Figure 1 depicts, multiple departments are included in the chain of command. Irrespective of the reporting structure, the ability to provide staff with direct access to the policy and City Executives is imperative. As such, the Chief Risk Officer, who serves as the Department’s Reliability Standards Compliance Monitoring and Enforcement Officer, has the ability to report any violations directly to the City Council appointed Public Utilities Board, City Manager, and/or the City Attorney. The City Manager may then set the City Council agenda to discuss the matter in compliance with the Brown Act. Similarly, the Internal Audit Division of the City of Anaheim has the ability to report any violations as indicated in Figure 1.

Figure 1. Internal Compliance Program Organizational Chart



A. Employee Reporting

Should any employee of the City of Anaheim wish to report a suspected violation of the Reliability Standards, they have direct access to the NERC Compliance Manager and/or Chief Risk Officer. Additionally, employees who wish to directly contact NERC may do so by calling 866-888-0451, by sending an e-mail directly to hotline@nerc.net or online at <https://www.nerc.net/hotline/> and follow the instructions. To submit a complaint to WECC, submit an email to complaints@wecc.org, providing as much detail and context as possible.

B. Division Responsibilities

The Program is structured with a compliance group that coordinates compliance efforts with APU managers and provides oversight at the department level. The Chief Risk Officer manages the Enterprise Risk and Compliance Division, and has been assigned overall responsibility for the Reliability Standards and is designated as the Compliance Monitoring and Enforcement Officer. The Chief Risk Officer reports directly to the Public Utilities General Manager and provides compliance updates on a regular basis. The Enterprise Risk and Compliance Division is independent from the work groups responsible for complying with NERC Reliability Standards. In addition, to support the oversight effort, the City of Anaheim's (City) Internal Audit Division conducts annual internal audits of the Program.

The Assistant General Manager (AGM) Electric Services and AGM Power Supply are responsible for ensuring staff assigned to their work units perform the operational duties as required by the Reliability Standards. In addition, the AGM Electric Services serves as the Critical Infrastructure Protection (CIP) Senior Manager is responsible for implementing all CIP Standards and annually approving the list of Critical Assets and the list of Critical Cyber Assets.

As depicted in Figure 1, Electric Services and Power Supply Divisions are assigned the responsibility of performing the activities to ensure compliance with the Reliability Standards. The Electric Operations Manager and the Electric System Planning Manager report directly to the AGM Electric Services, and the Integrated Resources Manager reports to the AGM Power Supply. Each AGM has designated a NERC Liaison who is responsible for coordinating and documenting compliance with the Reliability Standards and reporting compliance matters to the NERC Compliance and Emergency Planning Manager. Specific staffing assignments are listed in Attachment A.

C. Public Utilities General Manager Responsibilities

1. Responsible executive for all compliance matters of APU.
2. Reviews and approves APU policies and guidelines as set forth in Department Order 501.
3. Responsible for administering disciplinary actions in conjunction with the Human Resources Department for violations to personnel rules.

D. Chief Risk Officer (Reliability Standards Compliance Monitoring and Enforcement Officer – RSCM&E Officer) Responsibilities

1. Responsible for oversight and monitoring of the APU's Internal Compliance Program, including all department-wide policies, procedures, and guidelines related to the Reliability Standards, in consultation with appropriate legal resources (described below) and relevant Assistant General Managers.
2. Modifies and recommends changes to the APU's Internal Compliance Program, as appropriate.
3. Reviews and signs all documentation related to Reliability Standards compliance that is transmitted to FERC, NERC, and/or WECC, or designates another person to carry out this responsibility.
4. Prepares reports and updates for presentation to the Public Utilities Board, City Manager, and/or City Council regarding Reliability Standards compliance matters.
5. Promptly reports violations, if any, of Reliability Standards to WECC and oversees development and implementation of Mitigation Plans on an expedited basis. Similarly responds to and addresses violations, if any, reported to APU by WECC. Monitors progress of mitigation efforts and reports on such progress to WECC.
6. Identifies and documents any Reliability Standards violations and conducts investigations and prepares reports on investigatory findings to the Public Utilities General Manager.
7. Reviews reports prepared by legal and consulting resources and APU personnel regarding Reliability Standards compliance matters, including reports related to the status of compliance as assessed in connection with the APU's annual internal compliance review.
8. Directs development of appropriate policies, guidelines, and procedures in response to approval of new and/or modified Reliability Standards or Compliance Registry Criteria.
9. Communicates with FERC, NERC, and/or WECC regarding Reliability Standards compliance matters or delegates responsibility for doing so to another appropriate party (*e.g.*, a member of the APU's legal team or division personnel).
10. Oversees the compliance registration/certification process on behalf of APU.
11. Assigns personnel in Enterprise Risk and Compliance Division to administer, support, implement, and monitor APU activities related to Reliability Standards.

E. Assistant General Manager – Electric Services Responsibilities

1. Directs and manages compliance efforts within assigned areas of responsibility.

2. Ensures that resources are available to effectively accomplish tasks associated with Reliability Standards, and assigns staff to manage switching operations, system protection, cyber security, relay operations, and electric system reliability.
3. Serves as the CIP Senior Manager.

F. Assistant General Manager – Power Supply Responsibilities

1. Directs and manages compliance efforts within assigned areas of responsibility.
2. Ensures that resources are available to effectively accomplish tasks associated with mandatory reliability standards, and assigns staff to manage aggregated actual and forecast demands, interruptible demands and communications.

G. NERC Compliance and Emergency Planning Manager Responsibilities

Under the direction of the Chief Risk Officer:

1. Serves as the Primary Compliance Contact(s) for purposes of NERC/WECC Compliance Registry; forwards communications related to Reliability Standards compliance to appropriate Department personnel.
2. Responsible for coordinating the Program including the reviewing, drafting and/or compiling of documentation, reports and communications sent to or received from WECC, California Independent System Operator (CAISO), RC West (CAISO's RC Unit), neighboring utilities and/or other parties in the Western Interconnection.
3. Manages the compliance registration/certification processes and documentation provided by subject matter experts related to compliance programs.
4. Schedules, coordinates and conducts quarterly compliance meetings for APU management and subject matter experts, provides information regarding ongoing compliance activities to APU management.
5. Manages the development and implementation of the annual overview awareness training related to NERC Reliability Standards, and the programs and practices used by APU to demonstrate compliance.
6. Coordinates APU activities in preparation for and during internal and external audits and associated requests for information.

V. COMPLIANCE AUDITS

A. NERC/WECC Audits

Compliance audits are scheduled by NERC/WECC and conducted based on Anaheim's risk to the Bulk Electric System, as determined by a periodic risk assessment conducted by WECC. These audits may also be triggered by other factors such as Self-Certifications, potential or self-reported violations, and region-wide compliance trends. APU staff will prepare for the audit under the direction of the Chief Risk Officer, who may retain consultants and/or external legal assistance to assist in preparing for the audit. Subject matter experts responsible for their respective areas of responsibility will be assigned to participate in the audit preparation and serve to address questions by the auditor.

B. Annual Internal Audits

Continuously assessing the APU's compliance with applicable Reliability Standards and evaluating ways in which the Program can be strengthened is a key objective of APU management. On an annual basis, APU will perform a formal review of the Program.

1. Independence

- a. Annual reviews will be conducted independently and the individuals performing the review will not be responsible for substantive compliance with the Reliability Standards being evaluated. Reviews may be performed by City staff from other departments or by outside entities/consultants.

- b. The results of compliance reviews will be made available to the Chief Risk Officer, the General Manager and the City Attorney's Office and will not be subject to revision by management or personnel that have been assigned responsibility for compliance with Reliability Standards.

2. Auditor Qualifications

Compliance reviews shall be performed by individuals who are knowledgeable regarding (i) the subject matter of the Reliability Standards being evaluated and (ii) possess an understanding of basic auditing principles and procedures.

VI. COMPLIANCE TRAINING

A. Training Responsibility

APU management recognizes that compliance training for APU personnel is critical, not only to instilling an organization-wide culture of compliance, but also ensuring that the Reliability Standards applicable to the APU's electric system are met and are thoroughly understood from a substantive perspective by the individuals who are responsible for achieving compliance on a day-to-day basis. APU training methods include, but are not limited to, lecture, written, and electronic media. Training will also include relevant case studies of actual work activities that require awareness of compliance impacts, examples of prohibited activities and methods to ensure participants understanding of materials presented.

Department staff who administer contracts for services related to requirements covered by the Reliability Standards shall ensure that contractors and/or other vendors receive training required by the Standard or provide certification to the NERC Compliance and Emergency Planning Manager that their training meets or exceeds what is provided by APU.

1. NERC Awareness Training

- a. APU is committed to providing training in which the requirements of each of the Reliability Standards applicable to APU are reviewed annually. This training is to be attended by all APU staff who have responsibility for the implementation of processes and or procedures used to demonstrate compliance with Reliability Standards.
- b. The objectives of this training session include the following:
 - 1) The training is intended to serve as a refresher for individuals who deal with different Reliability Standards, depending upon their role within APU. Given the APU's size, individuals are likely responsible for only a portion of the overall Internal Compliance Program. A comprehensive, overview program will remind personnel of the overall universe of Reliability Standards applicable to APU and allow for consideration of cross-division synergies and compliance strategies.
 - 2) APU management understands that a stronger culture of compliance will evolve if personnel have a "big-picture" perspective of the Department's compliance responsibilities and the role of the Department's electric system in enhancing the overall reliability of the Western Interconnection.
- c. Awareness training shall be administered, managed and scheduled by the Enterprise Risk and Compliance Division, with assistance from the Administrative Services Manager.

2. Communications Protocol Training

- a. This training is required by NERC Standards for all personnel before they are assigned to work in positions that may receive operating instructions from the CAISO, SCE, or RC West.
- b. Field personnel, whose instructions could be relayed to must also take this training.

3. New-Hire Training Responsibility

Division Managers:

- a. Assess newly hired individuals to determine what, if any, responsibilities a new staff member will have related to the Program, whether the new hire will be responsible for following any policies, procedures, and/or guidelines that implement Reliability Standards requirements, or if the new hire member will have other obligations related to Reliability Standards compliance, such as reporting responsibilities, involvement in any NERC, WECC, CAISO or other regional committees, working groups, or associations pertaining to the Reliability Standards.
- b. Determine on a case-by-case basis the level of initial training that is required, depending upon the particular circumstances and duties of the new employee.
- c. Ensure that any initial training for new staff members involved in Reliability Standards compliance encompasses not only training in performing discrete tasks (for example, completing misoperations reports), but also training in the requirements of Reliability Standards related to the given task, the idea being that employees should have a broad understanding of the importance of compliance to APU and, specifically, why certain tasks are performed. This training does not necessarily need to be formalized, although more formal training may occur at the discretion of Division Management, Assistant General Manager(s) or the Chief Risk Officer on an as-needed basis.

B. Information Distribution and Management

1. Required Reading Responsibilities

- a. *Chief Risk Officer and/or designee* - May determine that it is appropriate to designate communications to employees as “Required Reading” when new or modified versions of Reliability Standards are approved, when APU issues a new or revised version of its policies, procedures, or guidelines, or when managers needs to communicate information regarding the Reliability Standards to employees.
- b. *NERC Compliance and Emergency Planning Manager* – Monitors industry trends and information provided by regulatory organizations and other entities and advises the Chief Risk Officer and APU staff regarding changes to Reliability Standards and associated programs.
- c. *Designated employees* – Recipients of information designated as required reading shall confirm that they have reviewed that material. The NERC Compliance and Emergency Planning Manager shall document the distribution and confirmation of compliance with required reading.

2. Electronic Access to Reliability Standards

- a. Employees who are assigned responsibilities for satisfying requirements contained in Reliability Standards and who may need to refer to the current versions of the Reliability Standards shall be notified during each bi-annual training of the NERC and WECC websites where currently-effective Reliability Standards (and related information) are posted.

3. Access to the Internal Compliance Program

- a. Employees shall be given access to this Program via the City’s internal webpage (*Anaheim Insider*).

4. NERC Compliance Records

- a. The NERC Compliance and Emergency Planning Manager shall maintain information regarding compliance deadlines (including deadlines for periodic reporting), event-driven reporting obligations and information received from or submitted to NERC and/or WECC.
- b. Subject matter experts and APU staff assigned responsibilities associated with Reliability Standards shall maintain required records and provide evidence of compliance as needed.

VII. RESPONSE TO POTENTIAL VIOLATIONS

A. Review of Possible or Potential Violations Responsibility

1. Any suspected violation shall be reported to the NERC Compliance and Emergency Planning Manager and the Chief Risk Officer, who will determine if there is a reasonable basis upon which to conclude that a violation has occurred or is occurring, in consultation with the City Attorney's Office.
 - a. If it is not clear that a violation has occurred or is occurring, then a self-report may be submitted together with an explanation of the need for further investigation to determine whether in fact a violation has occurred and, if so, the scope of the violation.
 - b. If a possible or potential violation exists, the Chief Risk Officer or a designated member of Department staff shall submit to WECC a self-report (via the process established by WECC for the submittal of self-reports) of the possible or potential violation.
 - c. If it is clear that a violation has occurred or is continuing to occur, the Chief Risk Officer or his/her designee shall develop a Mitigation Plan, in consultation with the City Attorney's Office. The Mitigation Plan shall be submitted along with the self-report or shortly thereafter in accordance with the processes established by WECC for the submittal of such documents.
 - d. Shall designate one or more employees who shall be responsible for ensuring that the Mitigation Plan is completed and any reports required by WECC, NERC, and/or FERC are submitted in accordance with required deadlines.
 - e. Shall advise the Public Utilities General Manager, the respective AGM, and the Administrative Services Manager in the event of a violation or potential violation.
2. Investigation of Possible or Potential Violation
 - a. The Chief Risk Officer will order an investigation to review all related processes, procedures, controls, and training programs related to the potential violation. A panel of experts not directly in the chain of command of any person suspected of a violation will be assembled, and an investigation shall be conducted expeditiously. A finding report will be prepared and reviewed by the Public Utilities General Manager, Chief Risk Officer, City Attorney's Office, and respective AGM.

VIII. EMPLOYEE PERFORMANCE AND COMPENSATION

A. Performance

The City has established through its City Charter authority the establishment of rules and administrative regulations to provide a fair and equitable system of personnel management in the municipal government. These rules set forth in detail those procedures which define the obligations, rights, privileges, benefits, and prohibitions which are placed upon all management, confidential and non-represented part-time employees of the City, as well as those employees who are represented by organized labor.

City policies have been established regarding the administration of performance appraisals for all full time and permanent, part-time City employees. These policies emphasize that regular, formal and informal feedback from supervisor to employee is critical to good job performance, including setting job standards and providing clear performance expectations. Tenure of employees covered by these rules shall be subject to good behavior, satisfactory work performance, necessity for the performance of work, and the availability of funds. Any employee may be progressively disciplined, including suspension, reduction in salary, demotion or dismissal for good and sufficient cause, in consultation with the Administrative Services Manager and the Human Resources Department.

B. Employee Recognition

Employees demonstrating excellence in the administration of the initiatives that promote a healthy culture of NERC regulatory compliance are recognized in their performance evaluation and/or at the quarterly NERC Compliance meeting.

IX. RELIABILITY COMPLIANCE RECORDS

A. Retention Policy

All major revisions of this document and all documents that constitute evidence demonstrating compliance with any federal, state, or local standard or law should be maintained in accordance with Department Order 171 – Records and Information Management.

B. Destruction Policy

Program documentation and records shall be maintained and destroyed in accordance with Department Order 171 – Records and Information Management. The NERC Compliance and Emergency Planning Manager shall, on an annual basis, perform a review of program documentation. Portions of this review may be delegated to relevant subject matter experts, at the discretion of the NERC Compliance and Emergency Planning Manager.

X. ATTACHMENTS

Attachments may be updated as necessary and do not constitute a change to this Department Order and do not require express approval by the Public Utilities Board.

Submitted:



Dukku Lee
Public Utilities General Manager

6/3/2021

Date

Approved by the Public Utilities Board on

May 27, 2020

Date

ATTACHMENT A

Reliability Standard Responsibility Assignments

NERC Standard	Title	Responsible Subject Matter Expert
CIP-002	Critical Cyber Asset Identification	Electric Capital Projects Manager
CIP-003	Security Management Controls	Electric Capital Projects Manager
CIP-004	Cyber Security – Personnel & Training	Electric Capital Projects Manager
CIP-005	Cyber Security – Electronic Security Perimeter(s)	Electric Capital Projects Manager
CIP-006	Cyber Security – Physical Security of BES Cyber Systems	Electric Capital Projects Manager
CIP-007	Cyber Security – Systems Security Management	Electric Capital Projects Manager
CIP-008	Cyber Security – Incident Reporting and Response Planning	Electric Capital Projects Manager
CIP-009	Cyber Security – Recovery Plans for BES Cyber Systems	Electric Capital Projects Manager
CIP-010	Cyber Security – Configuration Change Mgmt. & Vulnerability Assessment	Electric Capital Projects Manager
CIP-011	Cyber Security – Information Protection	Electric Capital Projects Manager
COM-001	Communications	Electric Operations Manager
COM-001	Communications	Principal Integrated Resources Planner
COM-002	Communications and Coordination	Electric Operations Manager
COM-002	Communications and Coordination	Senior Integrated Resources Planner
EOP-004	Event Reporting	Electric Operations Manager
EOP-005	System Restoration from Blackstart Resources	Electric Operations Manager
FAC-002	Coordination of Plans for New Facilities	Senior Power Systems Planning Engineer

ATTACHMENT A

Reliability Standard Responsibility Assignments

NERC Standard	Title	Responsible Subject Matter Expert
IRO-001	Reliability Coordination – Responsibilities	Electric Operations Manager
IRO-010	RC Data Specification and Collection	Principal Integrated Resources Planner
MOD-004	Capacity Benefit Margin	Senior Integrated Resources Planner
MOD-020	Providing Interruptible Demands and Direct Control Load Management Data	Integrated Resources Planner II
MOD-031	Demand and Energy Data	Integrated Resources Planner II
MOD-032	Data for Power System Modeling and Analysis	Principal Power Systems Planning Engineer
NUC-001	Nuclear Plant Interface Coordination	Senior Integrated Resources Planner
PRC-004	Analysis and Mitigation of Protection System Misoperations	Electric Capital Projects Manager
PRC-005	Transmission and Generation Protection System Maintenance and Testing	Electric Field Superintendent - Substations
PRC-006	Automatic Underfrequency Load Shedding	Electric Capital Projects Manager
PRC-010	Assessment of the Design and Effectiveness of UVLS Program	Electric Capital Projects Manager
PRC-015	Special Protection System Data and Documentation	Electric Capital Projects Manager
PRC-016	Special Protection System Misoperations	Electric Capital Projects Manager
PRC-023	Transmission Relay Loadability	Electric Capital Projects Manager
PRC-025	Generator Relay Loadability	Electric Capital Projects Manager
TOP-001	Reliability Responsibilities and Authorities	Electric Operations Manager
TOP-003	Operational Reliability Data	Principal Power Systems Planning Engineer

ATTACHMENT A

Reliability Standard Responsibility Assignments

NERC Standard	Title	Responsible Subject Matter Expert
TOP-003	Operational Reliability Data	Senior Integrated Resource Planner