

February 22, 2012

VIA ELECTRONIC FILING

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

**Re: North American Electric Reliability Corporation
Docket No. RR12-__ -000
Petition for Approval of Amendments to Delegation Agreement with
Florida Reliability Coordinating Council (FRCC) – Amendments to
FRCC’s Bylaws and to Exhibit D of the FRCC Delegation Agreement**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby submits the “Petition of the North American Electric Reliability Corporation for Approval of Amendments to Delegation Agreement with the Florida Reliability Coordinating Council – Amendments to FRCC’s Bylaws and to Exhibit D of the FRCC Delegation Agreement.” This Petition seeks approval of proposed amendments to NERC’s Delegation Agreement with the Florida Reliability Coordinating Council (FRCC) including approval of amendments to FRCC’s Bylaws (included in Exhibit B to the Delegation Agreement) as a “Regional Entity Rule.”

This filing consists of: (1) this transmittal letter, (2) the narrative text of the Petition, which follows this transmittal letter, and (3) Attachments 1, 2 and 3 to the Petition. All of these documents are transmitted in a single pdf file.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Owen E. MacBride
Owen E. MacBride

Attorney for North American Electric
Reliability Corporation

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION) **Docket No. RR12-__-000**

PETITION OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR APPROVAL OF AMENDMENTS TO DELEGATION AGREEMENT
WITH THE FLORIDA RELIABILITY COORDINATING COUNCIL –
AMENDMENTS TO FRCC’S BYLAWS AND TO EXHIBIT D
OF THE FRCC DELEGATION AGREEMENT

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560
(404) 467-0474 – facsimile

Owen E. MacBride
Debra Ann Palmer
Schiff Hardin LLP
1666 K Street, N.W., Suite 300
Washington, DC 20036-4390
(202) 778-6400
(202) 778-6460 – facsimile
omacbride@schiffhardin.com
dpalmer@schiffhardin.com

David N. Cook
Senior Vice President and General Counsel
Rebecca J. Michael
Associate General Counsel for Corporate and
Regulatory Matters
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
david.cook@nerc.net
rebecca.michael@nerc.net

February 22, 2012

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ATTACHMENTS

Attachment 1: Florida Reliability Coordinating Council letter identifying and explaining the proposed amendments to the FRCC Bylaws and to Exhibit D to the FRCC Delegation Agreement

Attachment 2: Amended Delegation Agreement Between North American Electric Reliability Corporation and Florida Reliability Coordinating Council – Clean version

Attachment 3: Amended Delegation Agreement Between North American Electric Reliability Corporation and Florida Reliability Coordinating Council – Redlined version

I. INTRODUCTION

In accordance with §215(e)(4) of the Federal Power Act¹ (“FPA”) and 18 C.F.R. §39.8 and §39.10, the North American Electric Reliability Corporation (“NERC”) requests the Commission’s approval of amendments to the Amended and Restated Delegation Agreement between NERC and the Florida Reliability Coordinating Council (“FRCC”), one of the NERC Regional Entities (the “FRCC RDA”). The proposed amendments to the FRCC RDA consist of (1) amendments to Exhibit B – the FRCC Bylaws, and (2) amendments to Exhibit D – Compliance Monitoring and Enforcement Program (“CMEP”). The FRCC Bylaws are a “Regional Entity Rule” as defined in 18 C.F.R. §39.1 and therefore, in accordance with 18 C.F.R. §39.10, the amendments to the FRCC Bylaws require Commission approval. By approving the proposed amendments to Exhibit B of the FRCC RDA, the Commission will also be approving the amendments to the FRCC Bylaws as a “Regional Entity Rule.”

As described in greater detail in §III.A of this Petition, the principal purposes of the amendments to the FRCC Bylaws are (1) to provide for the election by the Voting Members of FRCC, voting in Sectors, of Alternate Directors to act in place of the corresponding Director when the Director is not present or unavailable, including as members of the FRCC Board Compliance Committee (“BCC”), which acts as the Regional Entity Hearing Body for FRCC; and (2) to adopt dispute resolution procedures for disputes not covered by the dispute resolution procedures of the CMEP or other NERC dispute resolution procedures. The amendments to Exhibit D provide that an Alternate Director may serve on the BCC in a regional hearing of a compliance matter.

¹ 16 U.S.C. §824o (2005).

Attachment 1 to this Petition is a letter from FRCC to NERC requesting approval of the amendments to the FRCC Bylaws and to Exhibit D of the FRCC RDA and explaining the purposes of the amendments. **Attachments 2** and **3** are clean and redlined versions, respectively, of the proposed amended FRCC RDA. **Attachment 3** shows, in legislative style, the proposed amendments to the FRCC Bylaws (included in Exhibit B of the FRCC RDA) and to Exhibit D.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560-8060
(404) 467-0474 – facsimile

Owen E. MacBride*
Debra Ann Palmer
Schiff Hardin LLP
1666 K Street, N.W., Suite 300
Washington, DC 20036-4390
(202) 778-6400
(202) 778-6460 – facsimile
omacbride@schiffhardin.com
dpalmer@schiffhardin.com

David N. Cook*
Senior Vice President and General Counsel
Rebecca J. Michael
Associate General Counsel for Corporate and
Regulatory Matters
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
david.cook@nerc.net
rebecca.michael@nerc.net

*Persons to be included on the Commission's official service list

III. PROPOSED AMENDMENTS TO FRCC DELEGATION AGREEMENT

A. Proposed Amendments to the FRCC Bylaws

The following paragraphs describe the proposed amendments to the FRCC Bylaws, included in Exhibit B to the FRCC RDA. **Attachment 1** contains additional explanation provided by FRCC.

1. The FRCC Bylaws are being amended to provide for the election of an Alternate Director for each Director on the FRCC Board. A Sector may, but is not required to, elect Alternate Directors. (Bylaws, §2.1, 3.2(b) and 3.2(f)). The Alternate Directors will be elected by Sector and by majority vote, as are the Directors. Each Alternate Director will be designated as the alternate for a particular elected Director of the Sector. An Alternate Director must either be a direct report to the Director for whom he or she is the designated Alternate Director, or a senior officer or manager of the FRCC Voting Member represented by the Alternate Director. (Bylaws, §3.2(b)).

Alternate Directors will be elected for the same term as Directors, i.e., two years. (Bylaws, §3.2(d)). An Alternate Director can be removed for cause on the same bases, and based on the same affirmative vote (60% of the Voting Members of the Sector or 75% of the remaining total voting strength of the Board), as can a Director. (Bylaws, §3.9).

An Alternate Director will be authorized to attend any meeting that the Director notifies FRCC in advance that the Director will be unable to attend. The Alternate Director will be authorized to exercise all the powers and duties of the Director at that meeting, including being counted for purposes of establishing a quorum. (Bylaws, §3.2(c) and 3.5). An Alternate Director may be selected to be a member of a BCC designated as the Hearing Body for a disputed compliance matter. (Bylaws, §9.1). However, an Alternate Director cannot be elected as a Board officer; only Directors may be elected as Board officers. (Bylaws, §3.10).

The following sections of the FRCC Bylaws are being amended to provide for the election and authority of Alternate Directors: 2.1, 3.2(a), 3.2(b), 3.2(c), 3.2(d), 3.2(f), 3.4, 3.5, 3.7, 3.8, 3.9, 3.10, 3.11(a), 6.5, 6.7, 7.1(a), and 9.1.

2. A new Article XI is being added to the FRCC Bylaws to establish dispute

resolution procedures to resolve disputes between FRCC Members, or between a FRCC Member and a consenting non-member, or between FRCC and any Member or consenting non-member, arising from an act or omission by FRCC or from an act or omission by a party in its capacity as a FRCC Member. (Former Article XI of the FRCC Bylaws is renumbered to be Article XII.) However, the new dispute resolution procedures do **not** apply to disputes that are covered by the dispute resolution provisions of the FRCC CMEP or other NERC dispute resolution provisions. Additionally, unless agreed to by the parties, the new dispute resolution procedures do not supersede any dispute resolution agreement between parties that is applicable to their dispute. Specifically, §11.1 of new Article XI states:

These procedures do not apply to disputes that are covered by the dispute resolution provisions of the FRCC Compliance Monitoring and Enforcement Program (Exhibit D to the Delegation Agreement between FRCC and NERC) or other NERC dispute resolution provisions, and do not supersede, unless agreed to by the parties, any dispute resolution agreement between parties applicable to the dispute, including, without limitation, dispute resolution procedures set forth in Members' Open Access Transmission Tariffs.

FRCC viewed the lack of a set of dispute resolution procedures for controversies arising from the acts or omissions of FRCC or of a FRCC Member in its capacity as a FRCC Member as a deficiency in the FRCC governance documents. The addition of the new dispute resolution procedures in Article XI is intended to cure this deficiency.

3. In addition to the above-described amendment, several clarifying amendments have been made to the FRCC Bylaws:

(i) Section 3.2(a) is amended to make clear that the right of a Sector under §3.2(b)(1) to elect additional Directors to participate in Board meetings was not intended to affect the allocation of Directors among the Sectors. This amendment moves to §3.2(a) text previously found in §3.2(b)(4), and rewords that text.

(ii) The remainder of the text formerly contained in §3.2(b)(4) has been moved to the third sentence of §3.2(b)(1).

(iii) Section 3.10 is being amended to clarify that the election of a replacement Board officer to fill a vacancy may take place at any Regular Meeting or Special Meeting of the Board, as well as at the Board meeting following the Annual Meeting of Voting Members.

(iv) Section 3.10(a) is being amended to clarify that a person elected to fill a vacancy among the Board officers shall serve for a term equal to the remaining term of the person who held the officer position now vacated. This amendment is intended to clarify the original intent of the Bylaws and is not a substantive revision.

(v) Sections 3.10(c) and 3.11(a) are being amended to effect minor grammatical improvements.

(vi) Section 5.1 is being amended to clarify that unless otherwise specified by the FRCC Board, none of the FRCC standing committees or other committees, subcommittees and task forces appointed by the Board shall be a committee of the Board or have any authority to take action otherwise reserved to the Board by statute, unless so specified by the Board. This amendment is intended to clarify the original intent of the Bylaws and is not intended to effect a substantive change.

(vii) Section 9.1 is being amended to clarify that the BCC will consist of one representative of a Voting Member from each of the six Sectors, who shall be a member of the Board. This amendment also clarifies the original intent of the Bylaws and is not a substantive change.

B. Proposed Amendments to Exhibit D of the FRCC Delegation Agreement

In Exhibit D to the FRCC RDA, §2.0 – Regional Hearing of Compliance Matters, is being amended with respect to the composition of the BCC, which is the FRCC Hearing Body for disputed compliance matters. The amendments specify that (i) the BCC will consist of one representative of a Voting Member from each of the six FRCC Sectors (this amendment is consistent with the amendment to §9.1 of the FRCC Bylaws, described above); (ii) each year, two Directors (including Alternate Directors) from each Sector (rather than two “members”) will volunteer to serve in a BCC pool, from which the BCC will be appointed for each hearing; and (iii) once appointed to a BCC, a Director or Alternate Director shall serve throughout the duration of the hearings.

IV. FRCC AND NERC APPROVALS FOR THE PROPOSED AMENDMENTS

The proposed amendments to the FRCC Bylaws and to Exhibit D to the FRCC RDA were approved by the FRCC Board of Directors in a series of meetings held during the second half of 2011, with the FRCC internal approval process completed as of December 15, 2011. The proposed amendments to the FRCC RDA, including to the FRCC Bylaws included in Exhibit B and to Exhibit D of the FRCC RDA, were approved by the NERC Board of Trustees at its meeting held on February 9, 2012. In making the determination to approve the proposed amendments to the FRCC Bylaws, NERC determined that the amended FRCC Bylaws continue to satisfy the five Governance criteria stated in Exhibit B to the FRCC RDA.

V. CONCLUSION

The North American Electric Reliability Corporation respectfully requests that the Commission approve the proposed amendments to its Delegation Agreement with the Florida Reliability Coordinating Council shown in **Attachment 3** to this Petition, including approving

the amendments to the FRCC Bylaws (included in Exhibit B to the FRCC RDA) as a Regional Entity Rule.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560-8060
(404) 467-0474 – facsimile

David N. Cook
Senior Vice President and General Counsel
Rebecca J. Michael
Associate General Counsel for Corporate and
Regulatory Matters
North American Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 400-3000
(202) 644-8099 – facsimile
david.cook@nerc.net
rebecca.michael@nerc.net

/s/Owen E. MacBride
Owen E. MacBride
Debra Ann Palmer
Schiff Hardin LLP
1666 K Street, N.W., Suite 300
Washington, DC 20036-4390
(202) 778-6400
(202) 778-6460 – facsimile
omacbride@schiffhardin.com
dpalmer@schiffhardin.com

ATTACHMENT 1

**FLORIDA RELIABILITY COORDINATING COUNCIL
LETTER TO NERC
EXPLAINING PROPOSED AMENDMENTS TO
THE FRCC BYLAWS AND
EXHIBIT D TO THE FRCC DELEGATION AGREEMENT**



HUNTON & WILLIAMS LLP
2200 PENNSYLVANIA AVENUE, NW
WASHINGTON, D.C. 20037-1701

TEL 202 • 955 • 1500
FAX 202 • 778 • 2201

WILLIAM F. YOUNG
DIRECT DIAL: 202 • 955 • 1684
EMAIL: byoung@hunton.com

FILE NO: 55135.000003

January 10, 2012

Via E-Mail

David N. Cook, Esq.
Vice President and General Counsel
North America Electric Reliability Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005-3801

Re: Revisions to FRCC Bylaws

Dear David:

In accordance with the Amended and Restated Delegation Agreement dated January 1, 2011 (“Delegation Agreement”) between the North American Electric Reliability Corporation (“NERC”) and the Florida Reliability Coordinating Council, Inc. (“FRCC”), I am forwarding herewith revised FRCC Bylaws, Exhibit B to the Delegation Agreement, along with conforming changes to the FRCC Compliance Monitoring and Enforcement Program (“CMEP”), Exhibit D to the Delegation Agreement. The nature of and reasons for the revisions are set forth below. The proposed revisions do not affect any of the qualifications for the delegation of authority from NERC to FRCC, and will not have any adverse effect the ability of FRCC to function as a Regional Entity under the Delegation Agreement.¹ Accordingly, FRCC requests that: (i) NERC approve the revisions to Exhibits B and D as consistent with the Delegation Agreement; (ii) the revised Exhibits be forwarded to the Federal Energy Regulatory Commission (“Commission”) for approval, and (iii) upon Commission approval the revised Exhibits become effective as parts of the Delegation Agreement.

I. Background

In a series of meetings this Fall, the FRCC Board of Directors (“Board”) unanimously approved revisions to the FRCC Bylaws for two substantive purposes: (i) to amend the governance provisions to provide for the election by the members of FRCC, voting as sectors, of Alternate Directors; and (ii) to adopt dispute resolution procedures for matters other than

¹ Unless otherwise specified, capitalized terms used herein have the meanings specified in the Delegation Agreement, including the exhibits to the Delegation Agreement.

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disputes covered by the dispute resolution provisions of the FRCC CMEP or other NERC dispute resolution provisions. The Board also approved revisions to clarify the existing intent of certain provisions of the Bylaws.

The Board, with the advice of legal counsel, concluded that the amended governance provisions were warranted and appropriate to ensure that the selection and functions of Alternate Directors are consistent with the requirements of applicable Florida law. As a separate matter, the dispute resolution procedures are necessary to specify alternate dispute resolution procedures for disputes other than disputes covered by the CMEP or other NERC dispute resolution provisions. In particular, the added provisions would apply to disputes arising in connection with Member Services Activities (as that term is defined in the Bylaws).

Additional details on the revisions to the Bylaws are set forth below.

Article IX of the Bylaws establishes a Board Compliance Committee (“BCC”), which acts as the hearing body for FRCC acting as a Regional Entity. The BCC hears disputes relating to findings of an alleged violation, a proposed penalty or sanction, or a proposed mitigation plan. Section 9.1 of Article IX has been revised to permit Alternate Directors to participate on the BCC. Exhibit D to the Delegation Agreements sets for the FRCC CMEP. The language of Section 2.0 of the CMEP is essentially the same as that of Section 9.1 of the Bylaws. Accordingly, conforming changes have been made to Section 2.0, as discussed further below.

Clean and redlined versions of the revised Bylaws are provided as Attachments 1 and 2 to this letter. Clean and redlined versions of revised Exhibit D are provided as Attachments 3 and 4 to this letter.

Upon approval, the revised Bylaws would become Exhibit B to the Delegation Agreement, and the revised language in Section 2.0 would be adopted in Exhibit D to the Delegation Agreement.

II. FRCC Governance: Alternate Directors

The FRCC Bylaws as in effect prior to these revisions permit a Director who is unable to attend a meeting to designate, in writing, an alternate to act on behalf of that Director. While this provision has functioned well and without objection, FRCC has concluded that under the provisions of Florida law applicable to it as a Florida corporation it would be preferable for alternates for each Director to be elected on the same basis as the Director for which the person serves as an Alternate Director. Thus, revised Section 3.2(b)(1) of the Bylaws provides that “the

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Voting Members in a Sector may elect, by majority vote, an Alternate Director for each Director.”

The revisions in this Section and Section 3.2(f) specify certain appropriate qualifications for service as an Alternate Director. Revised Section 3.2(c) provides that an Alternate Director shall have all the powers and duties of the Director for which the person serves as an alternate, in any instance in which FRCC is notified in writing that the Director is unable to attend a meeting of the Board or of a Board committee. Revised Section 3.2(d) specifies the term of office for Alternate Directors. Under the revised Bylaws, the use of Alternate Directors does not change the balance or voting strength of the Sectors in which Voting Members of FRCC participate in the governance of FRCC. See Sections 3.2(a) and (e), and Section 3.2(b)(1) (specifying that “under no circumstance shall the total votes of the Directors or their Alternate Directors for a Sector exceed the total votes of the Directors of each such Sector specified in Section 3.2(e).”). There are a number of conforming changes consistent with the foregoing throughout Article III of the Bylaws, as well as in Sections 2.1, 7.1(a) and 9.1, to make clear that an Alternate Director can carry out the powers and duties of the Director for which her or she is the alternate whenever the Alternate Director is appropriately acting in place of the relevant Director.

III. Conforming Revisions to the CMEP

Section 2.0 of the CMEP, Exhibit D to the Delegation Agreement, deals with “Regional Hearing of Compliance Matters.” The language of Section 2.0 parallels that of Section 9.1 of the Bylaws. Accordingly, revisions were approved by the Board to Section 2.0 to continue the parallel construction by incorporating the ability of Alternate Directors to serve on the BCC. Service on the BCC by Alternate Directors is appropriate in light of their qualifications and election, and will materially facilitate the ability of the BCC to fulfill its obligations. To this end, a sentence was added by the Board to Section 2.0 specifying that: “Once appointed to a hearing, a Director or Alternate Director shall serve throughout the hearing’s duration.” This additional detail in the CMEP on the operation of the BCC will ensure continuity in the composition of the hearing body, and that its members are available to hear all the evidence and other information relevant to its decision.

IV. FRCC Dispute Resolution Procedures for non-CMEP Matters

The revised Bylaws include a new Article XI to fill a current deficiency in the FRCC governing documents: the absence of generally applicable dispute resolution provisions for controversies arising from the acts or omissions by FRCC, or by a FRCC Member in its capacity as a FRCC member, other than controversies covered by the CMEP or other NERC dispute resolution provisions. To fill the gap, the Board adopted the provisions in new Article XI of the

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revised Bylaws. These dispute resolution provisions are non-binding, but provide a sequence of steps, including settlement discussions, mediation, arbitration, and Board consideration, through which the parties to a dispute can achieve the equitable, efficient and expeditious resolution of disputes.

Section 11.1 of new Article XI states that:

These procedures do not apply to disputes that are covered by the dispute resolution provisions of the FRCC Compliance Monitoring and Enforcement Program (Exhibit D to the Delegation Agreement between FRCC and NERC) or other NERC dispute resolution provisions, and do not supersede, unless agreed to by the parties, any dispute resolution agreement between the parties applicable to the dispute, including, without limitation, dispute resolution procedures set forth in Members' Open Access Transmission Tariffs.

In addition, if the dispute resolution steps are not successful, under Section 11.4(e) the parties can, if applicable, initiate a proceeding before the Commission.

V. Clarifying Revisions

In addition to the revisions to Article III of the Bylaws relating to Alternate Directors, revisions to Section 3.2(a) make clear that the right of a Sector under Section 3.2(b)(1) to elect additional Directors to participate in Board meetings was not intended to affect the allocation of Directors among the Sectors. This moves and rewords language previously found in Section 3.2(b)(4) of the Bylaws. The remaining provision of Section 3.2(b)(4) has been moved to Section 3.2(b)(1). Revisions to Section 3.10 clarify that a person elected to fill a vacancy among the Board officers shall serve for a term equal to the remaining term of the person being replaced. This revision clarifies the original intent of the Bylaws, and is also not a substantive change. Similarly, a revision to Section 5.1 clarifies that the standing or other committees of FRCC are not committees of the Board, and are not authorized to take actions reserved to the Board, unless so specified by the Board. Like the other revisions discussed in this paragraph, this revision also clarifies the original intent of the Bylaws, and is not a substantive change.

VI. Conclusion

As can be seen from the foregoing descriptions, none of the revisions to the Bylaws affect the qualifications of FRCC to serve as a Regional Entity with delegated authority from NERC, nor will the revisions have any adverse effect the ability of FRCC to function as a Regional Entity under the Delegation Agreement. Accordingly, in light of reasons for and description of



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the Bylaws revisions adopted by the FRCC Board set forth above, FRCC requests that NERC approve the revisions as consistent with the Delegation Agreement, and forward the revised Bylaws to the Commission for approval and adoption as a replacement for Exhibit B to the Delegation Agreement. FRCC also requests approval of the related revisions to Exhibit D to the Delegation Agreement.

Please let me know if you have any questions about any of the foregoing.

Sincerely,

A handwritten signature in black ink that reads "Bill".

William F. Young

Enclosures

cc: Ms. Sarah S. Rogers

ATTACHMENT 2

AMENDED DELEGATION AGREEMENT

BETWEEN

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

AND

FLORIDA RELIABILITY COORDINATING COUNCIL

CLEAN VERSION

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND FLORIDA RELIABILITY COORDINATING COUNCIL**

AMENDED AND RESTATED DELEGATION AGREEMENT (“Agreement”) made as of January 1, 2011, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and Florida Reliability Coordinating Council (“FRCC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries identified on **Exhibit A** to this Agreement, and for other purposes. NERC and FRCC may be individually referred to herein as “Party” or collectively as “Parties.”

WITNESSETH

WHEREAS, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824n) (hereafter “the Act”), which, among other things, provides for the establishment of an electric reliability organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

WHEREAS, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

WHEREAS, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

WHEREAS, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

WHEREAS, the Act and Section 39.8 of the ERO Regulations provide for the delegation by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as FRCC provided that:

(A) The Regional Entity is governed by —

- (i) an independent board;
- (ii) a balanced stakeholder board; or
- (iii) a combination independent and balanced stakeholder board.

(B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and

(C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

WHEREAS, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk power system reliability and should be approved”;

WHEREAS, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

WHEREAS, FRCC is not organized on an Interconnection-wide basis and therefore is not entitled to the rebuttable presumptions accorded such an entity;

WHEREAS, NERC will work through FRCC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

WHEREAS, NERC has concluded that FRCC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

WHEREAS, NERC and FRCC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NERC and FRCC agree as follows:

1. Definitions. The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to FRCC to propose and enforce Reliability Standards pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

2. Representations.

(a) For purposes of its Delegated Authority, FRCC hereby represents and warrants to NERC that:

(i) FRCC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. FRCC is governed in accordance with its bylaws by [a balanced stakeholder board. Pursuant to these bylaws, no two industry sectors can control any FRCC decision and no single industry sector can veto any FRCC decision. The relevant portions of such bylaws are attached hereto in **Exhibit B**¹, and as so attached are in full force and effect. No other such corporate governance documents are binding upon FRCC.

(ii) As set forth in **Exhibit C** hereto², FRCC has developed a standards development procedure, which provides the process that FRCC may use to develop Regional Reliability Standards that are proposed to NERC for adoption.

(iii) As set forth in **Exhibit D** hereto, FRCC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards within FRCC's geographic boundaries as shown on **Exhibit A**.

(b) NERC hereby represents and warrants to FRCC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder; and

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

¹ The **Exhibit B** from FRCC shall meet the requirements contained in **Exhibit B** to this Agreement.

² The **Exhibit C** from FRCC shall meet the requirements contained in **Exhibit C** to this Agreement.

3. Covenants.

(a) During the term of this Agreement, FRCC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC's approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of FRCC under this Agreement without first obtaining the consent of FRCC, which consent shall not be unreasonably withheld or delayed.

(c) During the term of this Agreement, NERC and FRCC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

4. Delegation of Authority.

(a) Based upon the representations, warranties and covenants of FRCC in Sections 2 and 3 above, the corporate governance documents set forth in **Exhibit B**, the standards development process set forth in **Exhibit C**, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to FRCC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth on **Exhibit A**, *provided*, that FRCC shall not monitor and enforce compliance with Reliability Standards for FRCC or an affiliated entity with respect to reliability functions for which FRCC or an affiliate is a Registered Entity. Any exclusions from this delegation of authority to FRCC within, or additions to this delegation of authority to FRCC beyond, the geographic boundaries set forth on **Exhibit A** are stated on **Exhibit A**.

(b) In circumstances where FRCC or an affiliated entity is a Registered Entity, FRCC shall enter into an agreement with another Regional Entity or NERC for the other

Regional Entity or NERC to monitor and enforce FRCC's or affiliate's compliance with Reliability Standards. Such agreements are subject to NERC and Commission approval.

(c) Nothing in this Agreement shall prohibit FRCC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(d) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region identified on **Exhibit A** that is within the United States. Any delegation of authority by ERO Governmental Authorities in Canada or Mexico shall be governed by a separate agreement and is outside the scope of this Agreement; provided, however, that both FRCC and NERC shall endeavor to ensure that this Agreement and such separate agreements are compatible.

(e) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, FRCC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

5. Development and Proposal of Reliability Standards.

- (a) In connection with its Delegated Authority, FRCC shall be entitled to:
- (i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords FRCC reasonable notice and opportunity to be heard; and
 - (ii) develop Regional Reliability Standards through FRCC's process as set forth in **Exhibit C**. Proposals approved through FRCC's process shall be reviewed by the NERC Board after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the

rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. FRCC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

6. Enforcement of Compliance with Reliability Standards.

(a) In connection with its delegated authority pursuant to this Agreement, FRCC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries set forth, or as otherwise specified, in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and FRCC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the Commission, and the ERO Regulations, including, *inter alia*, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the ERO Regulations and the requirements for due process. FRCC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, FRCC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c)

of this Agreement, and with any guidance and directions issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) FRCC shall report promptly to NERC any Possible Violation, Alleged Violation, or Confirmed Violation of a Reliability Standard, and its eventual disposition by FRCC. Such report shall include the owner's, operator's, or user's name, which Reliability Standard or Reliability Standards were the subject of the Possible Violation, Alleged Violation, or Confirmed Violation, when the Possible Violation, Alleged Violation, or Confirmed Violation occurred, other pertinent facts including circumstances surrounding the Possible Violation, Alleged Violation, or Confirmed Violation with any known risk to the Bulk-Power System, when the Possible Violation, Alleged Violation, or Confirmed Violation was or will be mitigated, the name of a person knowledgeable about the Possible Violation, Alleged Violation, or Confirmed Violation to serve as a point of contact with the Commission, and any other information required by NERC compliance program procedures. NERC shall promptly forward such report to the Commission. NERC and FRCC shall cooperate in filing such periodic summary reports as the Commission shall from time to time direct on Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards and summary analyses of such Possible Violations, Alleged Violations, and Confirmed Violations.

(c) Each Possible Violation, Alleged Violation, or Confirmed Violation shall be treated as nonpublic unless the matter is filed with the Commission as a Notice of Penalty, or, if disclosure is required, dismissed. The disposition of each Possible Violation, Alleged Violation, or Confirmed Violation that relates to a Cybersecurity Incident or that would jeopardize the security of the Bulk-Power System if publicly disclosed shall remain nonpublic unless the Commission directs otherwise.

(d) All dispositions by FRCC of Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards shall be reported to NERC for review and, in the case of Confirmed Violations, penalties or sanctions, and settlements, for approval. Following approval of a disposition by NERC, NERC shall file the disposition with the Commission, if required by, and in accordance with, Section 215(e) of the Act and Section 39.7 of the ERO Regulations. NERC shall review FRCC's dispositions based on the following criteria:

(i) whether the disposition is supported by a sufficient record compiled by FRCC in accordance with the NERC Rules of Procedure, NERC directives and

Commission requirements, taking into account the nature of the Possible Violation, Alleged Violation, or Confirmed Violation,

(ii) whether the disposition is consistent with any applicable directives issued pursuant to Section 8(c) of this Agreement, any applicable directions or guidance issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, or other applicable NERC guidance, concerning the Reliability Standards to which the Possible Violation, Alleged Violation, or Confirmed Violation relates,

(iii) if the disposition is a Confirmed Violation or settlement, whether it provides for a penalty or sanction, or a determination of no penalty or sanction, determined in accordance with the NERC Sanction Guidelines, Appendix 4B to the NERC Rules of Procedure, and

(iv) whether the disposition is reasonably consistent with other dispositions by FRCC and by other Regional Entities of Possible Violations, Alleged Violations, and Confirmed Violations involving the same or similar facts and circumstances.

NERC may reject any disposition, with an explanation of why NERC believes the disposition does not meet the above criteria. FRCC may submit a disposition requiring NERC approval that has been rejected by NERC, or a revised disposition following a rejection, directly to the NERC Board Compliance Committee for approval without revising the disposition to address all the grounds on which NERC originally rejected the disposition. The final approval of FRCC's disposition of a Possible Violation, Alleged Violation, or Confirmed Violation shall be made by the NERC Board Compliance Committee, provided, that the NERC Board or NERC Board Compliance Committee may, by appropriate resolution, delegate authority for final approval of dispositions of specified categories of Possible Violations, Alleged Violations, or Confirmed Violations to the NERC President.

(e) All appeals of penalties imposed by FRCC as a result of a decision by FRCC's Hearing Body shall be filed with, heard by and disposed of by, NERC in accordance with the NERC Rules of Procedure.

(f) FRCC shall maintain the capability to conduct investigations of Possible Violations and Alleged Violations of Reliability Standards and to conduct such investigations in a confidential manner.

(g) FRCC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.

(h) As part of its compliance monitoring and enforcement program, FRCC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. A Regional Entity may have stakeholders lead or participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

(i) As often as NERC deems necessary, but no less than every five years, NERC shall review FRCC's compliance monitoring and enforcement program to determine that: (i) the program meets all applicable legal requirements; (ii) actual practices reflect the requirements; and (iii) the program administered pursuant to the Delegated Authority promotes consistent interpretations across North America of Reliability Standards and comparable levels of sanctions and penalties for violations of Reliability Standards constituting comparable levels of threat to reliability of the Bulk-Power System.

7. Delegation-Related Activities.

NERC will engage FRCC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed on **Exhibit E**. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (f), each of which shall be considered a statutory activity:

(a) Certification of Bulk-Power System Entities. The NERC Board shall set criteria for certification in accordance with the NERC Rules of Procedure. FRCC shall issue certifications in accordance with the NERC Rules of Procedure.

(b) Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.

(i) The NERC Board shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by FRCC and other Regional Entities. FRCC shall provide timely and accurate information relating to registrations to NERC, on at least a monthly basis, to enable NERC to maintain a registration database that is accurate and up-to-date.

(iii) The NERC Board Compliance Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board Compliance Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

(c) Reliability Assessment and Performance Analysis. FRCC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure. FRCC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and NERC directives. NERC shall develop data-gathering quality control procedures, forms and reporting mechanisms, which shall be used by FRCC and other Regional Entities in carrying out their responsibilities under this subsection (c).

(d) Event Analysis and Reliability Improvement. FRCC shall conduct event analysis pursuant to the NERC Rules of Procedure and applicable governmental regulations. NERC and FRCC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, FRCC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) **Training and Education.** FRCC may provide training and education to Registered Entities, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training and education programs to Registered Entities on topics relating to NERC's responsibilities as the ERO.

(f) **Situation Awareness and Infrastructure Security.**

(i) FRCC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure and applicable governmental regulations, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System

(ii) FRCC shall collaborate with NERC in its efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America.

8. Oversight of Performance of Delegated Functions and Related Activities.

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of FRCC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and FRCC that matters relating to NERC's oversight of FRCC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and FRCC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with FRCC and other Regional Entities, performance goals, measures and other parameters (including, without limiting the scope of such goals, measures and parameters, financial performance goals, measures and parameters), and performance reports, which shall be used to measure NERC's and FRCC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. FRCC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate FRCC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters and performance reports to evaluate FRCC's performance of its delegated functions and related activities and to provide advice and direction to FRCC on performance improvements. The performance goals, measures and other parameters and the values of such goals, measures and parameters, shall be reviewed by NERC, FRCC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, FRCC shall be required to develop, submit for NERC approval, and implement action plans to address areas of its performance that are reasonably determined by NERC, based on analysis of FRCC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring FRCC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to FRCC of the need and basis for an action plan or other remedial action and provide an opportunity for FRCC to submit a written response contesting NERC's evaluation of FRCC's performance and the need for an action plan. FRCC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board review and reconsider the request. NERC and FRCC shall work collaboratively as needed in the development and implementation of FRCC's action plan. A final action plan submitted by FRCC to NERC shall be made public unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to FRCC standardized training and education programs, which shall be designed taking into account input from FRCC and other Regional Entities, for FRCC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to FRCC concerning the manner in which FRCC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered "directives." NERC shall initiate the development of a directive through a collaborative process with FRCC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and FRCC and, if applicable, other Regional Entities are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President; *provided*, that before the NERC President issues a directive pursuant to this paragraph (ii), FRCC and, if applicable, other Regional Entities, shall be given a reasonable opportunity to present their positions on, and a suggested alternative version or versions of, the proposed directive to the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, FRCC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by FRCC, the NERC Board (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without FRCC's agreement, *provided*, that FRCC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and FRCC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided*, that is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which FRCC, and, if applicable, other Regional Entities, shall perform delegated functions and related activities. The Board or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the Board or Board committee makes a written determination stating a

specific reason for maintaining particular guidance or directions as non-public. FRCC, either individually or in conjunction with other Regional Entities, may request that the NERC Board or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with FRCC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) Any audits of FRCC performed by NERC shall be limited to an examination of FRCC's compliance with this Agreement, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c)

(g) The Commission and Commission staff shall have full access to action plans and remedial actions, directives, and directions and guidance issued pursuant to subsections (a)(iii), (c)(iv) and (d), respectively, that are maintained as non-public.

9. Funding. FRCC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities described in Sections 5, 6 and 7 and listed on **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) FRCC shall develop, through a collaborative process with NERC, and propose, an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. FRCC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, FRCC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E**. FRCC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) FRCC and NERC agree that the portion of FRCC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic

boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula as is proposed by FRCC and approved by NERC and the Commission. If FRCC proposes to use a formula other than Net Energy for Load beginning in the following year, FRCC shall submit the proposed formula to NERC in sufficient time that NERC may review and approve the proposed formula and file it with the Commission by May 15 for approval, and the proposed formula shall be effective for the following year if approved by the Commission on or before the date the Commission approves the annual business plan and budget submitted by NERC and FRCC to the Commission pursuant to the ERO Regulations for such year.

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equitability requirement.

(d) NERC shall provide FRCC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) FRCC shall submit its proposed annual business plan and budget for carrying out its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed on Exhibit E, as well as for all other activities of FRCC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund FRCC's performance of its Delegated Authority and related activities in accordance with FRCC's Commission-approved business plan and budget, in the amount of FRCC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting FRCC's approved assessments from end users and other entities and payment of the approved assessment amount to FRCC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon FRCC that has not

been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without FRCC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and FRCC fiscal year budget with the actual results at the NERC and Regional Entity levels. FRCC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) FRCC shall submit unaudited quarterly interim financial statements in form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) FRCC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC no later than May 1 of the following year.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which FRCC shall offset penalty monies it receives (other than penalty monies received from an operational function or division or affiliated entity of FRCC) against its next year's annual budget for carrying out functions under this Agreement, and the mechanism by which FRCC shall transmit to NERC any penalty monies received from an operational function or division or affiliated entity of FRCC. *Provided*, that, subject to approval by NERC and the Commission, FRCC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

10. Assignment. This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. FRCC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit FRCC from contracting with other entities to assist it in carrying

out its Delegated Authority, provided FRCC retains control and responsibility for such Delegated Authority.

11. Default and Cure. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the “Default Notice”). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the nonbreaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.

12. Term and Termination.

(a) This Agreement shall become effective on January 1, 2011 (the “Effective Date”).

(b) The term of the Agreement shall be five (5) years from the Effective Date, prior to which time NERC shall conduct an audit pursuant to subsection 6(i) to ensure that FRCC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If FRCC meets such requirements, this Agreement may be renewed for another five (5) year term. This Agreement may be renewed for successive additional five (5) year renewal terms provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to subsection 6(i) to ensure that FRCC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation.

Provided, that either Party may terminate this Agreement as of the end of a term by giving written notice to terminate at least one (1) year prior to the end of the term. If this Agreement is not renewed or becomes subject to termination for any reason, the Parties shall work to provide for a transition of FRCC's Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement. The termination of this Agreement shall not take effect until such transition has been effected, unless the transition period exceeds one year, at which time FRCC may unilaterally terminate.

(c) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed by FRCC and NERC.

(d) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 13), No Third Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

13. Limitation of Liability. FRCC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and FRCC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the

performance of the FRCC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that the FRCC or NERC is found liable for gross negligence or intentional misconduct, in which case FRCC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

14. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party.

15. Confidentiality. During the course of the Parties' performance under this Agreement, a Party may receive Confidential Information, as defined in Section 1500 of NERC's Rules of Procedure. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel, in which event the recipient hereby agrees to provide the Party that provided the Confidential Information with prompt notice of such request or requirement in order to enable such issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In addition, each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein. This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement.

16. Amendment. Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

17. Amendments to the NERC Rules of Procedure. NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of FRCC under this Agreement without first obtaining the consent of FRCC, which consent shall not be unreasonably withheld or delayed. To the extent FRCC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of FRCC under this Agreement, FRCC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by FRCC to NERC and the Commission, or at such other time as may be mutually agreed by FRCC and NERC.

18. Dispute Resolution. In the event a dispute arises under this Agreement between NERC and FRCC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to FRCC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. FRCC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

(a) The Party invoking Dispute Resolution shall send a notice to the other Party describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative

for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, *provided*, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), *provided*, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. *Provided, however*, that: (i) it is the intent of the Parties that unresolved disputes shall be

presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

19. Notice. Whether expressly so stated or not, all notices, demands, requests, and other communications required or permitted by or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand or reputable overnight courier:

If to NERC:

North American Electric
Reliability Corporation
116-390 Village Blvd.
Princeton, NJ 08540-5721
Attn: General Counsel
Facsimile: (609) 452-9550

If to FRCC:

Florida Reliability Coordinating
Council, Inc.
1408 N Westshore Blvd
Tampa, FL 33607
Attn: Sarah Rogers
Facsimile: (813) 289- 5646

20. Governing Law. When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of New Jersey without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in New Jersey. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in New Jersey for the purpose of hearing and determining any action not heard and determined by the Commission.

21. **Headings.** The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.
22. **Savings Clause.** Nothing in this Agreement shall be construed to preempt or limit any authority that FRCC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.
23. **Entire Agreement.** This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.
24. **Execution of Counterparts.** This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

NOW THEREFORE, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

NORTH AMERICAN
ELECTRIC RELIABILITY CORPORATION

FLORIDA RELIABILITY
COORDINATING COUNCIL, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

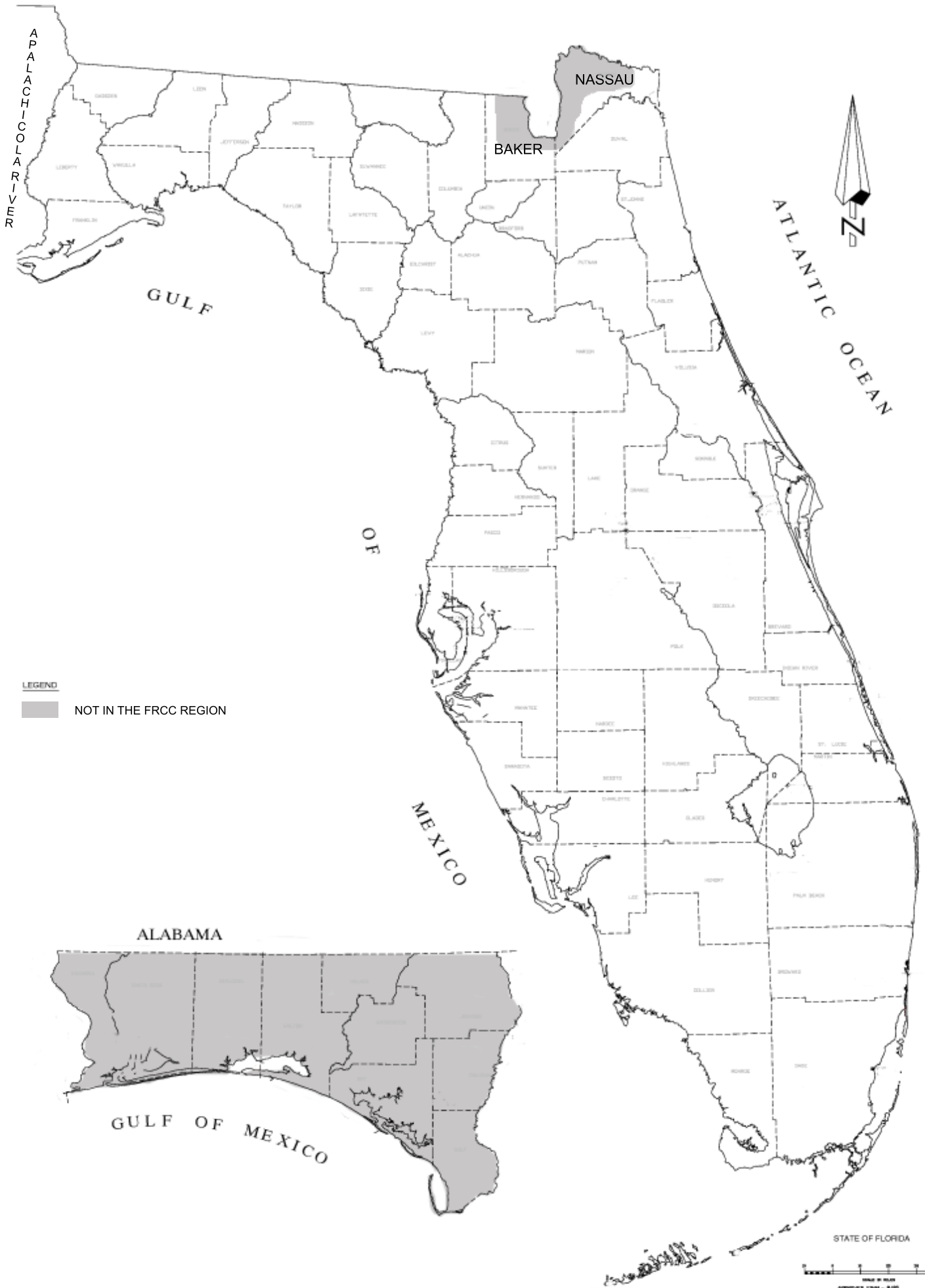
Exhibit A — FRCC Boundaries

The FRCC physical boundaries are entirely within the State of Florida. The area of the State of Florida that is within the FRCC Region is peninsular Florida east of the Apalachicola River with the exception of a small section of Baker and Nassau counties in northeast Florida. Areas west of the Apalachicola River in Florida are within the SERC Region. The entire FRCC Region is within the Eastern Interconnection. The entire FRCC Region is under the direction of the FRCC Reliability Coordinator.

The FRCC Region interconnects with the SERC Region via 10 transmission lines. The 10 lines consist of two 500 kV, four 230 kV and four 115 kV lines. These lines are referred to as the “Florida / Southern Interface”.

The areas of Baker and Nassau counties that are not part of the FRCC Region are part of the SERC Region. These sections are part of the Okefenokee Rural Electric Membership Corporation (OREMC) that is headquartered in Nahunta, GA or facilities owned by Georgia Transmission Corporation (GTC) that is headquartered in Tucker Georgia. Roughly two thirds of OREMC load is in Georgia and one third is in Florida. The majority of the OREMC load in Florida is connected directly to the Southern Company Balancing Area in the SERC Region. Part of OREMC load is connected to both the Southern Company Balancing Area and FPL Balancing Area by a Georgia Transmission Corporation 115kV transmission line and Macedonia Switching Station in Baker County. A small portion of the OREMC load, about five (5) MW to twenty five (25) MW, is supplied as a radial feed from FPL West Nassau Substation. Georgia Transmission Corporation has secured firm transmission service from JEA and/or FPL on the Florida / Southern Interface to supply this load. The OREMC schedules energy on an hourly basis to cover this load. SERC will be responsible for registration and compliance monitoring of the Georgia Transmission Corporation facilities in Baker County, Florida and of OREMC.

Within the FRCC Region, compliance monitoring and enforcement functions with respect to reliability functions for which the FRCC is a registered entity are performed by SERC Reliability Corporation (SERC) pursuant to a contract between FRCC and SERC dated as of July 12, 2010.



LEGEND

■ NOT IN THE FRCC REGION



STATE OF FLORIDA

0 10 20 30 40 50

Scale in miles
 APPROXIMATE SCALE - 1:500,000
 Note the geographic position of all information shown on this map & reports.

Exhibit B – Governance

Exhibit B shall set forth the Regional Entity’s bylaws, which NERC agrees demonstrate that the Regional Entity meets the following criteria:

CRITERION 1: The Regional Entity shall be governed by an independent board, a balanced stakeholder board, or a combination independent and balanced stakeholder board. (Federal Power Act § 215(e)(4)(A), 18 C.F.R. § 39.8(c)(1), Order No. 672 at ¶ 727.)

CRITERION 2: The Regional Entity has established rules that assure its independence of the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors. Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

CRITERION 3: If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

CRITERION 4: The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

CRITERION 5: The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

**EXHIBIT B
TO PRO FORMA DELEGATION AGREEMENT**

**BYLAWS
Florida Reliability Coordinating Council, Inc.**

Amended December 15, 2011



1408 N. Westshore Blvd., Suite 1002, Tampa, Florida 33607-4512
Phone 813.289-5644 * Fax 813.289-5646
www.frcc.com

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**BYLAWS OF
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.**

ARTICLE I

Membership

Section 1.1 Eligibility.

(a) Membership in the Florida Reliability Coordinating Council, Inc. (“FRCC”) is open to any entity, without cost, that: (i) has a material interest in the reliability of the bulk power system in the FRCC region; (ii) satisfies the criteria for membership specified in this Section 1.1; (iii) qualifies for eligibility in one or more of the Sectors identified in Section 1.2; (iv) submits a written request for membership; and (v) agrees to comply with and be bound by these FRCC Bylaws (“Bylaws”) and other rules and regulations adopted by the FRCC Board of Directors, by execution of the appropriate form of Member Agreement set forth in Appendix A to these Bylaws (“Member Agreement”). Any person or entity that meets the foregoing requirements shall become a “Member” of FRCC.

(b) FRCC shall engage in two categories of activities:

(i) FRCC shall engage in the “Regional Entity Activities” specified in Section 1 of Exhibit E of the Delegation Agreement between FRCC and the North American Electric Reliability Corporation (“NERC”) dated May 2, 2007, as amended from time to time with the agreement of NERC and the approval of the Federal Energy Regulatory Commission (“Delegation Agreement”). Under the Delegation Agreement, FRCC is the Regional Entity, as defined in Sec. 215 of the Federal Power Act, with delegated authority to propose and enforce Reliability Standards for the bulk power system in the FRCC Region. The FRCC Region is defined as the geographic area of Florida east of the Apalachicola River.

(ii) FRCC shall engage in certain “Member Services Activities,” under which it provides, coordinates or administers a variety of services relating to the planning and operation of the bulk power system in the FRCC Region for or on behalf of entities meeting the criteria in Section 1.1(c)(ii) and participating in the funding of such services as specified in these Bylaws. The “Member Services” are specified in the business plan and budget approved by the Board of Directors in accordance with these Bylaws for submission to NERC under the Delegation Agreement, and as approved by NERC and the Federal Energy Regulatory Commission (“Business Plan and Budget”). Member Services are funded as specified in Section 6.2 of these Bylaws.

(c) FRCC shall have two types of Members:

(i) All Members of FRCC shall be “Regional Entity Members.” Regional Entity Members shall be eligible to participate in the Regional Entity Activities of FRCC. Such participation shall be in accordance with these Bylaws, the Member Agreement, and the Delegation Agreement, as from time to time adopted or amended and approved, and such other requirements as govern FRCC as a Regional Entity.

(ii) All Members that participate in the generation, marketing, transmission or purchase for resale of electric energy, ancillary services or capacity on, from or to the bulk power system in the FRCC Region may choose to be “Services Members,” and may participate in FRCC Member Services Activities as specified in these Bylaws. Subject to the requirements of Section 1.2, only Members that are Services Members shall be eligible to participate in decisions governing the Member Services of FRCC, or the voting rights and funding obligations of Services Members.

Section 1.2 Voting Member.

A Voting Member is a Member that is not an Affiliate Member or an Adjunct Member. All Voting Members shall be eligible to vote on questions governing Regional Entity Activities. Only Voting Members that are Services Members shall be eligible to vote on questions governing Member Services or Member Services Activities. For purposes of the following Sector classifications, “Load Serving Entity,” whether standing alone or as part of another specified term, shall mean an entity that provides electric service to persons or entities other than the Load Serving Entity itself that purchase such service for their own use and not for resale. Voting Members shall be classified into one of the following Sectors, based on the primary nature of its activities in the FRCC Region relevant to Regional Entity Activities:

(a) **Suppliers Sector** - any entity engaged in wholesale power marketing transactions in the FRCC Region; or a generating entity that is included in the NERC Compliance Registry as a generation owner or generation operator for a facility in the FRCC Region, or that owns or is developing generation greater than 20 MW located within the FRCC Region and meets any of the following: (1) an entity with FERC-approved market-based rate authority, or (2) an exempt wholesale generator, or (3) a facility selling any output pursuant to a power purchase agreement (including fuel conversion arrangements), or (4) a FERC approved Qualifying Facility.

(b) **Non-Investor Owned Utility Wholesale Sector** - generation and transmission cooperatives and municipal joint action agencies that sell electricity to non-investor owned Load Serving Entities with native load in the FRCC Region.

(c) **Load Serving Entity Sector** - any Load Serving Entity that is not investor owned and that generates less than 25% of its energy requirements for retail sales or has an annual Full Requirements Energy for Load (FREL) of 1800 GWH or less in the FRCC Region.

(d) **Generating Load Serving Entity Sector** - any Load Serving Entity that is not investor owned and that generates at least 25% of its energy requirements for retail sales, and that has an annual Full Requirements Energy for Load (FREL) greater than 1800 GWH in the FRCC Region.

(e) **Investor Owned Utility Sector** - investor owned utilities generating and serving retail native load greater than 15,000 GWH in the FRCC Region.

(f) **General Sector** - persons or entities that take delivery of energy within the FRCC Region that is not purchased for resale; agents or associations representing groups of such entities that are commercial or industrial entities; agents or advocate groups representing small customers; and other persons or entities owning assets or engaging in commercial activities in the FRCC Region.

Section 1.3 Affiliate Member.

An Affiliate Member is defined as an entity that (i) otherwise qualifies as a Voting Member pursuant to Section 1.1 and 1.2 and (ii) is an Affiliate of a Voting Member. For purposes of these Bylaws, being an “Affiliate” shall mean that (1) a Voting Member controls, is controlled by or is under common control with, such Affiliate Member, and (2) for any exempt wholesale generator, as defined the Public Utility Holding Company Act of 2005, as amended, the meaning provided in Section 214 of the Federal Power Act. Affiliate Members shall have no right to vote on any matter, nor any right to be elected or appointed to the Board. Except as to funding, Affiliate Members shall be bound by the same obligations as Voting Members and Adjunct Members of FRCC. Questions as to whether an entity is an Affiliate of a Voting Member shall be resolved by the Board.

Section 1.4 Adjunct Member.

A person or entity may be approved as an Adjunct Member by the Board if such entity has a material interest in the reliability of the bulk power system in the FRCC region but does not meet the definitions and requirements to join as a Voting Member or Affiliate Member. Adjunct Members shall have no right to vote on any matter, nor any right to be elected or appointed to the Board. Except as to funding, Adjunct Members shall be bound by the same obligations as Voting Members and Affiliate Members of FRCC.

Section 1.5 New Members.

The Board shall review and act upon membership applications. Prior to membership, the Board shall certify that an applicant complies with the eligibility requirements.

Section 1.6 Membership Commitment.

Each Member of the FRCC shall be required to execute, in counterpart, a Member Agreement, as applicable, in the form shown in Appendix A to these Bylaws.

Section 1.7 Obligations.

(a) Each Member of the FRCC shall promote, support and comply with the purposes and policies of the FRCC as set forth in its Certificate of Incorporation and Bylaws, and the other documents governing the activities of FRCC identified in the Bylaws.

(b) Each Member of the FRCC shall appoint a representative as provided herein to receive notices from the FRCC and shall give to the FRCC Chief Executive Officer (“CEO”) in writing (signed by a duly authorized representative of the Member) the name, business address and electronic address of the person thus appointed. An appointed representative of a Member who is unable to attend a meeting may designate, in writing, an alternate to act on behalf of the Member.

Section 1.8 Participation.

(a) For purposes of these Bylaws, an entity and all of its Affiliates shall be considered one “Entity.” No Entity shall simultaneously hold more than one Voting Member status or have more than one voting representative on a Standing Committee, or more than one seat on the Board.

(b) An Entity may join FRCC in any Sector in which it qualifies for Membership, provided that an Entity may join as a Voting Member in only one Sector. In the event that an Entity qualifies for more than one Sector, such Entity may join such other Sectors as an Affiliate Member upon payment of any applicable Affiliate Member Annual Fees in accordance with Article VI Section 6.2(b)(ii) for each Sector in which such Entity desires to participate as an Affiliate Member. Once an Entity has elected to be a Voting Member of one Sector, the Entity must continue to vote in that Sector for a minimum of one (1) year. If, at any point, it is determined that an Entity no longer meets the qualifications for the Sector it selected, the Entity may not vote in that Sector; however, that Entity may then immediately elect to become a Voting Member in any Sector for which it does qualify. Questions as to whether an Entity meets the qualifications of a Sector shall be resolved by the Board.

(c) Subject to the requirements of these Bylaws and the Articles of Incorporation, each Voting Member in good standing is entitled to vote on each matter submitted to a vote of the Voting Members. A Member in good standing is one that (i) meets all qualifications for membership as provided in these Bylaws, (ii) is not in arrears for payment of any applicable annual fees for membership or payment of any other fees owed to FRCC unless such payment is being disputed in good faith, and (iii) has not been found by a court to be in breach of any contract with FRCC. Voting Members that are not in good standing are not entitled to vote on any matter until they have regained good standing.

ARTICLE II

Meetings of Voting Members

Section 2.1 Annual Meeting of Voting Members.

Voting Members shall meet at least annually on a date and at a place to be established by the Board (“Annual Meeting”). The Voting Members from each Sector shall elect, by majority vote, each Voting Member having one (1) vote, Directors and, if desired, Alternate Directors to the Board who will represent their Sector. The Voting Members shall conduct such other business as may be properly brought before them. Meetings may be held by telephone

conferencing, video conferencing or by other means enabling all participants in the meeting to communicate with each other. The Annual Meeting shall be open to Affiliate Members and Adjunct Members, and such other invitees as the Board may deem appropriate, provided that the Services Members, along with Affiliate and Adjunct Members that have paid the fees specified in Section 6.2(b)(ii) or (iii), may meet separately to consider matters relating to Member Services.

Section 2.2 Special Meetings.

Special meetings of the Voting Members, for any purpose or purposes, unless otherwise prescribed by the laws of the State of Florida, or by the Articles of Incorporation, may be called by the Chair of the Board. Special meetings of the Regional Entity Members shall be called upon request of six (6) or more Voting Members representing three (3) or more Sectors. Special meetings of the Services Members shall be called upon request of six (6) or more Voting Members that are Services Members representing three (3) or more Sectors. Notice of a special meeting stating the place, date, hour and agenda for the special meeting shall be given to the Voting Members not less than three (3) business days before the meeting. Such request for a special meeting shall state the purpose or purposes of the proposed special meeting, which shall be included as part of an agenda to be distributed to the Voting Members not less than three (3) business days before the meeting. Meetings may be held by telephone conferencing, video conferencing or by other means enabling all participants in the meeting to communicate with each other.

Section 2.3 Place of Meeting.

All meetings shall be held at or near the principal office of the FRCC in Tampa, Florida, or at such other place within or outside the State of Florida as shall be determined from time to time by the Board.

Section 2.4 Notice of Meetings.

(a) Notice of the Annual Meeting or any regular or special meeting of the Voting Members shall be sent by mail or electronic means to each Member's representative at the business or electronic address specified in accordance with Section 1.7(b) at least ten (10) business days before the date of the meeting. The notice shall set forth a proposed agenda for the meeting, but any matter may be considered and acted upon at any meeting, whether or not the matter was listed in the proposed agenda, if addition of the item to the agenda is approved at the meeting by the vote of the eligible Voting Members whose votes equal sixty percent (60%) or more of the total weighted Sector vote of the eligible Voting Members; provided, however, that at least three (3) Sectors are represented in the affirmative. Meetings may be held at any time without notice if all of the eligible Voting Members are present, or if those not present waive notice in writing either before or after the meeting.

(b) The record date for determining Members entitled to notice shall be one month prior to the meeting date.

Section 2.5 Quorum.

Representation at any meeting of the Regional Entity Members of more than 50% of the Voting Members, or representation at any meeting of the Services Members of more than 50% of the Voting Members that are Services Members, shall constitute a quorum for the transaction of business at such meeting; provided, however, that in each case at least four (4) eligible Sectors are represented.

Section 2.6 Voting.

Voting by Voting Members shall be by the six (6) Sectors as defined in Section 1.2, except as otherwise provided herein. Each Voting Member within a Sector has one non-divisible vote. Each Sector shall have a "Sector Vote" in proportion to the voting rights specified in Section 3.2(e), which is to be split into an affirmative and a negative component, in the proportion that each component bears to the total votes of the Voting Members within that Sector. Action by the Voting Members shall require affirmative Sector Votes greater than 6.50.

Section 2.7 Action without Meeting.

Any action that may be taken at a meeting of the Regional Entity Members or the Services Members may be taken without a meeting if consent in writing, setting forth the action so to be taken, shall be signed by all Voting Members eligible to vote in such meeting before the action is taken.

Section 2.8 Remote Attendance.

Any Member otherwise eligible may participate in any meeting by telephone, videoconference communications equipment, or other means enabling all persons participating in the meeting to communicate with each other. A Member participating in a meeting by such means shall be deemed present in person at such meeting.

Section 2.9 Termination of Members.

(a) A Member may be terminated for non-payment of fees or monies due FRCC as provided in Section 6.3, or for a significant violation of obligations as set forth in Section 1.7. The Board may, by resolution, establish a fair and reasonable procedure to terminate a Member.

(b) A Member whose membership has been terminated shall be liable to FRCC for fees and any other monies due FRCC as a result of obligations incurred or commitments made prior to termination.

Section 2.10 Withdrawal.

Any other provision of these Bylaws notwithstanding, any Member may withdraw from participation in the activities of FRCC at any time upon written notice to the CEO, whereupon it shall cease to be a Member and shall cease to be entitled or obligated to participate in the activities of the Board, Standing Committees, or any subcommittees, and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30)

days after such Member's receipt of its statement of fees and expenses for a fiscal year, the Member shall be obligated to pay its fees and other monies due to FRCC for the full fiscal year within which such termination is effective.

Section 2.11 Reinstatement.

A former Member shall be required to apply for Membership as set forth in Section 1.1. The Board may reinstate Membership on any reasonable terms that the Board deems appropriate.

Section 2.12 Property Ownership and Control.

Subject to applicable laws, rules, regulations, agreements, and FRCC protocols, each Member shall retain sole control of its own facilities and the use thereof, and nothing in these Bylaws shall require a Member to construct or dedicate facilities for the benefit of any other electric system or allow its facilities to be used by any other Member or to construct or provide any facilities for its own use, and nothing herein shall be deemed to impair the ability or right of any Member to take such actions or to fail to act, as it deems necessary or desirable, with respect to the management, extension, construction, maintenance and operation of its own facilities, present and future. A Member has no interest in the property of FRCC and waives the right to require a partition of any FRCC property.

ARTICLE III

Board of Directors

Section 3.1 Powers.

The affairs of FRCC shall be managed by the Board of Directors ("Board"). The Board may exercise all such powers of the FRCC and do all such lawful acts and things as are not prohibited by the laws of the State of Florida, by the Federal Power Act, by the Articles of Incorporation or by these Bylaws.

Section 3.2 Number, Election, Tenure and Governance.

(a) **Number.** The number of Directors shall be not less than sixteen (16), not including those additional Directors that may be elected pursuant to the third sentence of Section 3.2(b)(1). Directors shall be allocated among the Sectors as follows:

- (1) Suppliers Sector- three (3) Directors
- (2) Non-Investor Owned Utility Wholesale Sector - two (2) Directors
- (3) Load Serving Entity Sector-
 - Municipal - one (1) Director
 - Cooperative - one (1) Director

- (4) Generating Load Serving Entity Sector - three (3) Directors
- (5) Investor Owned Utility Sector - Three (3) Directors
- (6) General Sector - Two (2) Directors
- (7) The CEO of FRCC - an ex-officio non-voting Director.

(b) **Election.**

(1) Directors, with the exception of the CEO, shall be elected as described herein. Directors allocated to a particular Sector shall be elected by the Voting Members of such Sector, by majority vote. In addition, within each Sector, Voting Members from that Sector may, by majority vote, elect additional Directors, subject to a maximum of five (5) Directors representing such Sector. Finally, the Voting Members in a Sector may elect, by majority vote, an Alternate Director for each Director. Each Alternate Director shall be designated as an alternate for a particular elected Director of that Sector. To be eligible, an Alternate Director shall either be a direct report to the Director for which that person is the designated Alternate Director, or a senior officer or manager of the Voting Member represented by the Alternate Director. Notwithstanding the foregoing, under no circumstance shall the total votes of the Directors or their Alternate Directors for a Sector exceed the total votes of the Directors of such Sector specified in Section 3.2(e).

(2) Within each Sector, only Voting Members from a given Sector may elect Directors or Alternate Directors for that Sector.

(3) Within the Load Serving Entity Sector, Director(s) representing 0.5 votes shall all be from a municipal and Director(s) representing 0.5 votes shall be from a cooperative.

(c) **Alternate Director.** Each Alternate Director shall be vested with all the powers and duties of the Director for which he or she serves as an alternate in the event that such Director or the Voting Member represented by such Director notifies FRCC in writing (by letter, email or facsimile) in advance that the Director is unable to attend a particular Board meeting or Board committee meeting. Unless otherwise specified, references in these Bylaws to the powers, duties or responsibilities of Directors shall include any Alternate Director acting in place of a Director. If the related Director is present at a Board meeting or Board committee meeting, the Alternate Director may attend such meeting, but shall not have any vote, nor have any authority to speak on any issue, absent recognition by the chair of the meeting.

(d) **Term.** The term for all Directors and Alternate Directors shall be two (2) years. Any Director or Alternate Director may be reelected for consecutive terms, without limitation. Directors and Alternate Directors within a Sector shall have staggered terms as determined by the Sector.

(e) **Voting Rights.**

discuss matters of a confidential nature, including but not limited to personnel matters, litigation, or commercially sensitive information of any person or entity.

Section 3.4 Notice of Meetings.

Notice of any regular or special meeting of the Board shall be sent by mail or electronic means to each Director, and to each Member, at such Director's and Member's usual place of business at least (ten) 10 business days, in the case of a regular meeting, or (five) 5 business days, in the case of a special meeting, before the date of the meeting. Such notice shall also be sent to the observers of the Board specified in Section 8.1. The notice shall set forth a proposed agenda for the meeting. Subject to the requirements of Section 3.2(e)(3), no agenda item may be added to the agenda at any meeting of the Board which requires action by the Board unless all Directors are present and all agree to allow such an item to be put to a vote. Meetings may be held at any time without notice if all of the Directors of the Board (or the Alternate Directors for absent Directors) are present, or if those not present waive notice in writing either before or after the meeting.

Section 3.5 Quorum.

The presence at a meeting of the Directors or Alternate Directors whose votes equal sixty percent (60%) or more of the total voting strength of the Board, or in the case of matters governed by Section 3.2(e)(3), votes equal to sixty percent (60%) or more of the total voting strength of the Directors or Alternate Directors eligible to vote, shall constitute a quorum for any action of the Board, provided, however, that in each case at least one Director or Alternate Director from at least four (4) Sectors is present. If at any meeting a quorum shall fail to attend, a majority of those Directors or Alternate Directors present at the meeting may adjourn that meeting without further notice until a quorum shall attend. Once a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 3.6 Voting.

Action by the Board shall require approval of sixty percent (60%) or more of the total eligible voting strength of the Board.

Section 3.7 Remote Attendance.

Directors or Alternate Directors shall be deemed present and voting at a meeting of the Board if participating in the meeting by means of a conference telephone, video conferencing, or other means enabling all persons participating in the meeting to communicate with each other.

Section 3.8 Action without Meeting.

Any action that may be taken at a meeting of the Board may be taken without a meeting if consent in writing, setting forth the action so to be taken, shall be signed before the action by all of the Directors (not the Alternate Directors) eligible to participate in such action.

Section 3.9 Vacancies and Removal.

A Director or Alternate Director may be removed with cause at any time by an affirmative vote of 60% of the Voting Members of the Sector that elected that Director or Alternate Director. In addition, the Board may remove a Director or Alternate Director for cause, upon at least seventy-five percent (75%) affirmative votes of the remaining total voting strength of the Board. The right to elect Directors or Alternate Directors may not be assigned, sold, pledged or transferred in any manner. A vacancy may be filled only by the Voting Members of the Sector in which the vacancy occurs. Any Director or Alternate Director so chosen shall hold office until his or her successor is duly elected and qualified or until his or her earlier resignation, ineligibility or removal.

Section 3.10 Officers.

At the Board of Directors meeting following the Annual Meeting of the Voting Members (or at any Regular or Special Meeting, with respect to election of a replacement officer pursuant to Section 3.12), the Board shall elect from the Directors (excluding for these purposes the Alternate Directors) a Chair, Vice Chair, and Secretary-Treasurer, who shall be the officers of the FRCC. No two officers of FRCC shall be officers, employees or agents of Voting Members of the same Sector or its Affiliates. The CEO of FRCC may not be elected to act as Chair, Vice-Chair or Secretary/Treasurer.

(a) **Term of Office.** Each officer of the Board of Directors (other than a replacement officer pursuant to Section 3.12, who shall be elected to complete the term of the officer he or she is replacing) shall hold office for two (2) fiscal years, and until his or her successor is duly elected and qualified.

(b) **Removal of Officers.** Any officer of the Board of Directors may be removed with or without cause at any time by the affirmative vote of seventy percent (70%) of the total voting strength of the Board.

(c) **Compensation.** There shall be no compensation paid to any officer of the Board of Directors of FRCC, provided that an officer serving on the staff of FRCC may be compensated for his or her services on the staff of FRCC.

Section 3.11 Responsibilities of Board of Director Officers

(a) **Chair.** The Chair shall serve as the Chair of the Board. The Chair shall preside at all meetings of the Members and Board, provided that, if the Chair is not eligible to vote in a meeting governed by Section 3.2(e)(3), the Directors or Alternate Directors that are eligible shall select one of their number to preside at such meeting. The Chair shall be responsible for the preparation of the agenda for all meetings of the Members and Board. The Chair shall be a member of and preside over a Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

(b) **Vice Chair.** The Vice Chair shall, in the absence or disability of the Chair, perform the duties and exercise the powers of the Chair, subject to the provisions of Section 3.11(a), and shall perform such other duties and have such other powers as the Board may from

time to time prescribe. The Vice Chair shall be a member of a Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

(c) **Secretary-Treasurer.** The Secretary-Treasurer shall be responsible to assure that the FRCC staff has adequate procedures to distribute the agenda of the meetings of the Voting Members and the Board, keep the minutes of the proceedings of said meetings, and maintain the financial books and records of the FRCC, including disbursement of the funds of the FRCC in accordance with the authorized annual budget. The Secretary-Treasurer shall be a member of the Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

Section 3.12 Vacancy.

Any vacancy in a Board of Director officer occurring for any reason shall be filled as specified in Section 3.10.

ARTICLE IV

Chief Executive Officer

Section 4.1 CEO.

The Board shall hire the CEO who, under the Board's direction, shall carry on the general affairs of the FRCC. The CEO shall be a member of the staff of FRCC and shall be a non-voting Director. It shall be the CEO's duty to approve the expenditure of the monies appropriated by the Board in accordance with the Budget approved by the Board. The CEO shall make an annual report and periodic reports to the Board concerning the activities of FRCC. The CEO shall serve as President of FRCC. The CEO shall comply with all directives of the Board. All agents and employees shall report, and be responsible, to the CEO. The CEO shall perform such other duties as may be determined from time to time by the Board.

ARTICLE V

Standing Committees

Section 5.1 Standing Committees.

There shall be a Planning Committee, an Operating Committee, a Compliance Committee, and such other committees, subcommittees, and task forces as the Board may appoint, when deemed necessary to carry out the purposes of the FRCC. Unless otherwise specified by the Board, none of the Planning Committee, Operating Committee, Compliance Committee, or such other committees, subcommittees, and task forces shall be a committee of the Board, and no such committee shall have any authority to take action otherwise reserved to the Board by statute.

Section 5.2 Planning Committee.

Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Planning Committee. A representative may, if unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Affiliate Members and Adjunct Members may appoint a non-voting representative to serve on the Planning Committee. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Planning Committee shall report directly to the Board and is charged with the responsibility of promoting the reliability of the bulk power system in the FRCC Region, and assessing and encouraging generation and transmission adequacy. The Planning Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.3 Operating Committee.

Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Operating Committee. A representative may, if unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Affiliate Members and Adjunct Members may appoint a non-voting representative to serve on the Operating Committee. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Operating Committee shall report directly to the Board and is charged with responsibility for the coordination, operations planning, operation and maintenance of the bulk power system in the FRCC Region. The Operating Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.4 Compliance Committee.

The FRCC Regional Entity compliance staff is responsible for the effective and efficient implementation of the NERC Compliance Monitoring and Enforcement Program to meet the guidance of NERC and FERC. The Compliance Committee is charged with the responsibility of promoting reliability of the bulk power system within the FRCC region through compliance related activities. Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Compliance Committee. A representative may, if unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Compliance Committee shall report directly to the Board and is separate and distinct from the Board Compliance Committee which is primarily a “hearing body” and has a different voting structure as outlined in Exhibit D of the Delegation Agreement between the North American Electric Reliability Corporation and FRCC. The Compliance Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.5 Rules of Procedure.

Each Standing Committee shall set its rules of procedure, provided that quorum, voting rights and voting shall be as specified in Sections 5.7 and 5.8. Such Rules of Procedure shall be as approved by the Board. All action by any Standing Committee shall be reported as prescribed herein and shall be subject to revision, alteration and approval by the Board.

Section 5.6 Quorum.

Representation at any meeting of a Standing Committee of sixty percent (60%) or more of the total voting strength of the Standing Committee shall constitute a quorum for the transaction of business at such meeting; provided, however, that action on matters dealing with the scope or funding of Member Services shall require sixty percent (60%) or more of the total voting strength of members of the Standing Committee representing Voting Members that are Services Members; and provided further that a quorum shall require that at least three (3) Sectors are represented, all three of which shall be Sectors a majority of the members of which are Services Members in the case of a quorum for action on matters governing Member Services.

Section 5.7 Voting. Voting is by Sector.

Each voting representative present at a meeting is assigned a vote equal to the voting strength of his or her Sector, as provided in this section, divided by the number of voting representatives present in that Sector, except that no voting representative present at a meeting shall have more than one (1) vote, except an Investor Owned Utility Sector voting representative who may have up to 1.167 votes. Action by a Standing Committee shall require an affirmative vote equal to or greater than sixty percent (60%) of the total eligible voting strength of the Standing Committee.

Sector Votes

(1) Suppliers Sector	2.5 Votes
(2) Non-Investor Owned Utility Wholesale Sector	2.0 Votes
(3) Load Serving Entity Sector	
Municipal	0.5 Vote
Cooperative	0.5 Vote
(4) Generating Load Serving Entity Sector	3.0 Votes
(5) Investor Owned Utility Sector	3.5 Votes
(6) General Sector	1.0 Vote
Total	13.0 Votes

Only representatives of Voting Members that are Services Members shall be eligible to vote on questions governing Member Services.

Section 5.8 Meetings.

Regular meetings of the Standing Committees shall be held at such times and places, within or outside the State of Florida, as may be determined by the Standing Committees. Special meetings of the Standing Committees may be called by the Chair or upon the request of representatives from three (3) different Sectors. Regular or Special Meetings may be held by telephone conferencing, video conferencing, or by other means enabling all participants in the meeting to communicate with each other. The meetings of the Standing Committees shall be open to all Members, and such other invitees as the Board may deem appropriate.

ARTICLE VI

General Provisions

Section 6.1 Budget.

The Board shall annually adopt a budget for the FRCC for administrative expenses of the FRCC, including salaries, and for the costs associated with the various committees, subcommittees, professional services, projects and studies. The Board shall approve the scope and funding of Member Services, in accordance with the provisions of these Bylaws. The funding for Member Services special projects approved by the Board may be based on a special funding, with an equitable allocation of the costs for the special project as approved by the Board. The budget may be amended from time to time during the fiscal year as determined by the Board, subject to the filing and approval requirements applicable to FRCC as a Regional Entity under the Delegation Agreement.

Section 6.2 Funding.

(a) The funding of FRCC's Regional Entity Activities shall be in accordance with the provisions of Exhibit E and the section numbered eight (8) of the Delegation Agreement.

(b) The Member Services of FRCC shall be funded through an allocation of their costs to all Members that are Services Members in accordance with the provisions of subsections 6.2(b)(i) - (iii) below. The funding of all Member Services shall be kept separate from the funding of Regional Entity Activities as specified in the Business Plan and Budget.

(i) Services Members. The allocation for Voting Members that are Services Members shall be based on the following calculation; provided, however, that in no event shall the allocation be less than \$20,000 per annum.

$$\text{Services Member Allocation} = 0.25 (I/N) + 0.25 (B/C) + 0.25 (D/E) + 0.25 (F/G)$$

- N Total number of voting Services Members
- B Voting Services Member's previous-year Full Requirements Energy for Load (FREL) within the FRCC
- C Total of factor B for all voting Services Members
- D Voting Services Member's Net Summer Generating Capacity within the FRCC Region as of December 31 of the previous year, as defined in the FRCC Load and Resource Plan
- E Total of factor D for all voting Services Members
- F Sum of Circuit Miles of Transmission Facilities (69kV and above) of voting Services Members within the FRCC Region times the respective operating voltage as of December 31 of the previous year
- G Total of factor F for all voting Services Members

Full Requirements Energy for Load (FREL) The net electrical energy requirements of the Services Member's electric system, and the net electric energy requirements of all full requirements customers of the Services Member, except if a full requirements customer of a Services Member joins FRCC. In such case, the electrical energy requirements of such full requirements customer will only be counted for the funding calculation for that Services Member who is the full requirements customer, and not for the Services Member who is the supplier of the full requirements. There should be no double counting of FREL between Services Members.

Net Summer Generating Capacity The maximum summer rated capacity, modified for ambient limitations, that a generating unit can sustain over a specified period, less the capacity used to supply the demand of station service or auxiliary needs. For jointly owned units, the Net Capacity will be allocated based on the ownership share of each Services Member who is a joint owner, unless otherwise mutually agreed by the joint owner Services Members.

Circuit Miles of Transmission Facilities The distance (following the path of transmission facility) in miles between substations or switching stations times the number of circuits at the same voltage level. For jointly owned transmission facilities, the Circuit Miles of Transmission Facilities will be allocated based on the ownership share of each Services Member who is a joint owner, unless otherwise mutually agreed by the joint owner Services Members.

(ii) Affiliate Members. The fee for an Affiliate Member that wishes to participate in Member Services activities shall be \$5,000 per annum. The fee for an Affiliate Member, only participating in Regional Entity Activities, shall be waived.

(iii) Adjunct Members. The fees for an Adjunct Member that wishes to participate in Member Services activities shall be \$5,000 per annum. The fee for an Adjunct Member, only participating in Regional Entity Activities, shall be waived.

Section 6.3 Fees.

The Member Services membership fee shall be due and payable concurrent with the submission of the written application for membership. The initial membership fee will be prorated on an annual basis depending upon the quarter in which a Member joins. Thereafter, membership fees shall be due and payable on or before January 1st of each year or in installments as determined by the Board. The FRCC shall notify, in writing, any Member who is delinquent in the payment of any applicable membership fee. The notice shall provide a time certain, not to exceed thirty days (30) days from the date of the written notice, during which any such delinquency may be cured. Failure to cure a delinquency within the stated time will result in the loss of all membership rights and designations. In the event of an uncured lapse in the payment of a fee, membership in the FRCC shall be terminated.

Section 6.4 Staff.

The FRCC shall employ a staff, including the CEO, to carry out the objectives of the organization. The CEO shall be a non-voting Director of the Board. The duties of the CEO are as defined in Article IV, Section 4.1.

Section 6.5 Expenses.

The personal expenses of each Member, Director and Alternate Director participating in the activities of the FRCC and its committees and subcommittees shall be borne by the Member on whose behalf such person is acting, unless determined otherwise by the Board.

Section 6.6 Minimum Sector Membership.

If the number of Voting Members of a Sector is not greater than one (1), such Sector shall not be entitled to a vote at the Voting Members meetings, Board of Directors meetings, or the Standing Committee meetings.

Section 6.7 Indemnification.

The FRCC shall indemnify and hold harmless, to the maximum extent permitted by law, any Member, Director, Alternate Director, Member representative, agent, officer or employee of the FRCC and the heirs, estates, successors or assigns of any of them, from any and all claims or liabilities, including costs or attorneys' fees for defending against assertion of any such claim or liability, arising from any act or failure to act of such person for, on behalf of, or at the direction of the FRCC, unless such act or failure to act constituted a willful violation of state, federal or local law, willful misconduct, or gross negligence. With the approval of the Board, the FRCC may reimburse costs, attorneys fees, and other expenses for defending against assertions of any such claims or liabilities prior to the final disposition of any such proceeding. The foregoing rights to be indemnified, held harmless, or reimbursed shall not operate in derogation or prohibition of any other rights which the person indemnified, held harmless or reimbursed may have. The FRCC, by vote of the Board, shall purchase insurance against all or any part of the liabilities which may be incurred by the FRCC and may cause the FRCC to indemnify and hold harmless as and to the extent it may deem appropriate such other person or persons as it may deem appropriate.

Section 6.8 Fiscal Year.

The fiscal year of the FRCC shall be the twelve (12) month period of January 1st through December 31st.

Section 6.9 Depositories.

All funds of the FRCC shall be deposited in the name of the FRCC in such bank, banks or other financial institutions as the CEO shall from time to time designate and shall be drawn out on checks, drafts or other orders signed on behalf of the FRCC by such person or persons as the Board shall from time to time designate.

ARTICLE VII

Amendments

Section 7.1 Amendments.

Subject to the provision that no amendment to these Bylaws may limit the rights of a Member to resign from Membership, subject to the provisions of Section 1.2, and subject to the requirements for approval by NERC and the Federal Energy Regulatory Commission applicable to the FRCC as a Regional Entity, these Bylaws may be amended, altered, or repealed through the following procedure:

(a) Any Voting Member, Director or Alternate Director may suggest amendments to these Bylaws. Such suggestions must include a proposed amendment, and any necessary supporting documents. They should be sent to the CEO of FRCC for placement on the agenda for a Board meeting in the time and manner prescribed by the Board.

(b) If the proposal is approved by the Board of Directors, the Board shall place the proposal on the agenda of either the next Annual Meeting of the Voting Members, or pursuant to Board discretion, at a Special Meeting of the Voting Members called for that purpose.

(c) Voting Members shall vote to enact the Board-approved amendment in accordance with Sections 2.5 and 2.6, and subject to the provisions of Section 1.2 of the Bylaws.

Section 7.2 Review of Governance.

The Board shall appoint a task force to review these Bylaws, and to submit recommendations to the Board on necessary amendments, at the discretion of the Board or if any of the following events occurs. Such task force shall include representation from each Sector.

(a) The number of Voting Members in a Sector is not greater than one (1).

(b) A Regional Transmission Organization of any type is approved by the Federal Energy Regulatory Commission to operate in the FRCC Region.

(c) Any federal or state legislation or regulatory action that significantly alters the functions of the FRCC.

(d) Any new entity that has or is expected to have financial transactions in the wholesale electric market in the FRCC Region wishes to join the FRCC, and does not otherwise meet the membership requirements as then defined in these Bylaws.

ARTICLE VIII

Observers of the Board

Section 8.1 Observers of the Board.

The Chairman of the Florida Public Service Commission, or designee, shall be invited to attend meetings of the Board. The Board shall invite other observers as the Board deems appropriate.

ARTICLE IX

Board Compliance Committee

Section 9.1 Board Compliance Committee.

(a) FRCC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be the FRCC Board Compliance Committee (BCC), a balanced compliance panel reporting directly to the FRCC's Board of Directors.

(b) The BCC will consist of one (1) representative of a Voting Member from each of the six (6) Sectors in the FRCC, who shall be a member of the Board of Directors. Each year, two (2) Directors (including Alternate Directors) from each Sector will volunteer to serve in a BCC pool. At the time a hearing request is received, the Chair of the FRCC Board of Directors will appoint one member from each Sector to form the BCC for that hearing. The Board Member from the Registered Entity that has requested the hearing will not be selected for that BCC. In the event one (1) Sector of the FRCC declines to participate on the BCC, the Chair of the Board of Directors shall randomly select one (1) additional BCC member from the remaining five (5) Sectors to constitute the BCC. The Chair of the FRCC Board of Directors will appoint a Chair and Vice-Chair of the BCC. Terms of BCC members will be equivalent to the time it takes to complete the hearing for which they were selected. Members may be re-appointed to subsequent terms without any limits to the number of terms they serve.

(c) FRCC Industry Sectors are as follows:

- One (1) Member from the Investor Owned Utility Sector
- One (1) Member from the Suppliers Sector
- One (1) Member from the Non-Investor Owned Utility Wholesale Sector
- One(1) Member from the Load Serving Entity Sector
- One (1) Member from the Generating Load Serving Entity Sector

- One (1) Member from the General Sector

(d) Each member of the BCC shall be a full voting member. There will be no proxies for the BCC members. Decisions of the BCC shall require (i) a quorum to be present requiring at least fifty (50) percent of the number of members assigned to the BCC provided, however, that in each case at least four (4) eligible Sectors are represented and (ii) a majority vote of the members of the BCC voting on the decision.

ARTICLE X

Audit

Section 10.1 Audit.

The Board shall engage a certified public accounting firm to audit the books and accounts of the FRCC for each fiscal year.

ARTICLE XI

Dispute Resolution Procedures

Section 11.1 Dispute Resolution.

These procedures are established for the equitable, efficient and expeditious resolution of disputes. Except as stated in the next sentence, these procedures shall be used to resolve disputes between Members, between a Member and a consenting non-member, or between FRCC and any Member or consenting non-member (any of the foregoing being referred to hereinafter as a “party”), arising from an act or omission by FRCC, or from an act or omission by a party in its capacity as a FRCC member. These procedures do not apply to disputes that are covered by the dispute resolution provisions of the FRCC Compliance Monitoring and Enforcement Program (Exhibit D to the Delegation Agreement between FRCC and NERC) or other NERC dispute resolution provisions, and do not supersede, unless agreed to by the parties, any dispute resolution agreement between the parties applicable to the dispute, including, without limitation, dispute resolution procedures set forth in Members' Open Access Transmission Tariffs. These procedures supersede the dispute resolution provisions in the *FRCC Regional Transmission Planning Process*. Multiple parties with the same or substantially similar interests may be joined in the same proceeding. The parties are strongly encouraged take part in the complete process described in this Article XI prior to initiation of judicial proceedings or the utilization of other external dispute resolution processes, but the use of any of the steps of the process in this Article XI shall not be a required condition for the initiation of judicial or regulatory proceedings or the utilization of other external dispute resolution processes. FRCC shall be involved in the administration of a proceeding as provided in sections 11.4, 11.5 and 11.6 to coordinate with the parties to facilitate the resolution of the dispute, and to provide personnel, coordination, and meeting and other facilities as specified herein.

Section 11.2 Initiation.

Any Member or FRCC (the “Invoking Party”) may initiate these dispute resolution procedures by making a request in writing to the President with a copy to all other parties to the dispute; provided, however, that if FRCC initiates the dispute, FRCC shall make a request in writing to the Chair, with a copy to the Vice Chair and all other parties. The copy of the dispute resolution request for each party shall be sent to and accepted by the Member representative appointed in accordance with Section 1.7 of these bylaws. The President will inform the Board of Directors of the initiation of any dispute resolution proceedings, and the docket number and title assigned to the dispute. The request must contain:

- (a) a statement of the issues in dispute;
- (b) the position of the party on each of the issues;
- (c) the relief sought by the party;
- (d) an explanation of the asserted right to such relief under an applicable tariff, contract or other legal standard or obligation;
- (e) the dispute resolution step under Section 11.4 at which the party proposes to begin; and
- (f) any proposed modifications or specific additions to the proceedings described in these Bylaws by which the dispute may be resolved.

Each person or entity identified as party to the dispute (a “Noticed Party”) shall submit a response to the request to the President, the Chair and Vice Chair, and each other party to the dispute (the “Dispute Response”). Each response shall set forth the position of the party on each of the points identified above. A party shall have 20 business days from its receipt of the request to submit its Dispute Response.

Section 11.3 Dispute Resolution Process.

The dispute resolution process described herein shall be conducted and administered in accordance with these Bylaws and such other FRCC governing documents as may be relevant to the proceedings. These dispute resolution procedures outline a step-by-step process for the resolution of disputes. Parties are permitted to skip steps in the dispute resolution process described in Section 11.4 by mutual agreement, or as specified in the procedures for each step.

Section 11.4 Resolution Steps.

The four steps in the dispute resolution process are:

- (a) Step 1—Settlement Proceeding: (i) Step 1 is a proceeding in which the parties shall meet in a good faith effort to resolve the dispute by mutual agreement (“Settlement Proceeding”). FRCC shall provide administrative support, such as making available meeting space, as requested by the parties. The parties shall be represented at settlement discussions by a

person with full authority to resolve the dispute. A final resolution may be subject to corporate or regulatory or other government approvals, the requirements for which shall be disclosed by any party subject to an approval prior to agreement on a final resolution.

(ii) In the event that the parties cannot resolve their dispute in ninety (90) days from the submission of the dispute resolution request, or such later date as may be agreed to by the parties, the dispute shall proceed to the next step in the dispute resolution process. At any time after thirty (30) days from the submission of the dispute resolution request the parties may mutually agree to end the process. Any statement relating to the dispute by any party during the course of or relating to the Settlement Proceeding may not be cited or offered into evidence for any purpose in any external proceeding by any party.

(b) Step 2—Mediation Proceeding: (i) Step 2 is a proceeding to assist the parties through active participation by a mediator in joint discussions and negotiations through which the parties attempt to resolve the dispute by mutual agreement (“Mediation Proceeding”). The Mediation Proceeding shall be conducted by an independent mediator selected and mutually agreed upon by the parties (“Mediator”). A Mediator shall have no affiliation with, financial or other interest in, or prior employment with any party or any of their parents, subsidiaries or affiliates, and shall have knowledge and experience relevant to the subject matter of the dispute. In the event that the parties cannot agree on a Mediator within 10 days following the termination of the Settlement Proceeding, the President of FRCC shall select a Mediator; provided, however, that if FRCC is a party the Mediator shall be selected by the Chair, unless the Chair is an officer or employee of a party, in which case the selection shall be made by the Vice Chair. At the request of the Mediator, the parties shall be represented at a mediation session by a person with full authority to resolve the dispute. A final resolution may be subject to corporate or regulatory or other government approvals, the requirements for which shall be disclosed by any party subject to an approval prior to agreement on a final resolution.

(ii) The Mediator shall not issue specific recommendations on resolution of the dispute or otherwise opine on the merits of the dispute except at the request of the parties. A party may request the Mediator to offer his or her views on the merits or any other aspect of the dispute to that party individually on a confidential basis. Any recommendation, opinion or other statement expressed by the Mediator or any party relating to the dispute during the course of or relating to the Mediation Proceeding shall be offered solely for purposes of resolution of the Mediation Proceeding, and may not be cited or offered into evidence for any purpose in any external proceeding by any party.

(iii) In the event that the parties cannot resolve their dispute in ninety (90) days from the selection of the Mediator, or such later date as may be agreed to by the parties with the concurrence of the Mediator, the dispute shall then proceed to the next step in the dispute resolution process. At any time after sixty (60) days from selection of the Mediator, the parties may mutually agree to end the process, or a party may request the Mediator to determine and declare that the Mediation Proceeding is at an impasse. If the Mediator determines that the Mediation Proceeding is not likely to result in a resolution of the dispute, the Mediator shall declare the Mediation Proceeding at an impasse, and if so the dispute shall proceed to the next step in the dispute resolution process.

(c) Step 3—Arbitration Proceeding: (i) Step 3 is a non-binding arbitration in which an arbitrator or an arbitration panel shall receive evidence from each disputing party on factual matters, and hear arguments, relating to the issues in dispute, make written findings and conclusions of fact and law, and issue specific recommendations, based on those findings and conclusions, for resolution of each issue in dispute (“Arbitration Proceeding”). Initiation of an Arbitration Proceeding shall require the mutual agreement of the parties. The Arbitration Proceeding shall be conducted before a single arbitrator selected by the parties. Alternatively, the parties may agree to have the Arbitration Proceeding conducted by a panel of three arbitrators, with one designated by the Invoking Party or Parties, one designated by the Noticed Party or Parties, and a third selected by the two arbitrators designated by the parties. The parties may by mutual agreement engage a firm specializing in alternative dispute resolution to administer the Arbitration Proceeding, or may invoke the assistance of the Federal Energy Regulatory Commission’s Dispute Resolution Service. Arbitrators shall have no affiliation with, financial or other interest in, or prior employment with any party or any of their parents, subsidiaries or affiliates, and shall have knowledge and experience relevant to the subject matter of the dispute. The parties shall have 10 business days after conclusion of or agreement to skip the Mediation Proceeding to select a single arbitrator, or to agree on the use of an arbitration panel and to make their respective arbitrator designations and to so notify the opposing party or parties, with the arbitrators so designated selecting the third arbitrator not later than five days after the last such designation. If the parties cannot agree on the selection of a single arbitrator, unless the parties agree otherwise the President of FRCC shall provide the parties with a list of not less than five candidates meeting the qualifications set forth above. The list shall summarize the qualifications of the candidates, by experience and education, to resolve the matters at issue. The parties shall convene a meeting or telephone conference call during which the parties shall alternate striking names from the list until a single name remains, the party with the first strike to be chosen by lot. If any person so selected is or becomes unwilling or unable to serve, the last person struck from the list shall be requested to serve. Subsequent procedures shall be determined by the arbitrator or arbitration panel, upon consideration of the recommendations of the parties, who shall seek to agree on a location for the arbitration and other procedures.

(ii) The arbitrator or arbitration panel shall issue findings of fact and law and recommendations for resolution of the dispute within ninety (90) days of appointment, unless a longer period shall be agreed to by the parties with the concurrence of the arbitrator or arbitration panel.

(d) Step 4—Board Proceeding: (i) Step 4 is a proceeding conducted by the FRCC Board (Board Proceeding) to hear formal evidence on factual matters related to the issues submitted, make written findings of fact and conclusions of law, and issue a recommended award or other resolution for each issue in dispute; provided, however, that if the parties have completed an Arbitration Proceeding as specified in Step 3, the Board shall accept the arbitrator’s findings of fact except to the extent that a party demonstrates to the satisfaction of the Board that one or more findings of fact are erroneous. A party shall have 30 days from the completion of the Arbitration Proceeding to make a submission to the Board, with copies to all parties, contending that any of the findings of fact by the Arbitrator are erroneous, and any other party shall have 15 days from its receipt of the submission to respond to any such submission. Other procedures and schedules for the Board Proceeding shall be established by the FRCC Board.

(ii) The Board shall vote on the appropriate resolution of the dispute in accordance with the voting procedures described in these Bylaws. The Board shall publish the results of the vote and issue recommendations for resolution of the issues in dispute within ninety (90) days of initiation of the Board Proceeding, or such longer period as may be agreed to by the parties, with the concurrence of the Board.

(e) Further Proceedings. After 30 days from completion of the dispute resolution steps described above, to the extent that the parties have not agreed to resolution of any issue in dispute a party may seek resolution of the dispute through one of the following proceedings:

(i) By agreement of the parties, binding arbitration.

(ii) A regulatory proceeding before a state or federal regulatory agency having jurisdiction of all parties and the subject matter of the dispute.

(iii) A judicial proceeding before a court of competent jurisdiction.

Section 11.5 Administration.

The following administrative procedures apply to the dispute resolution procedures described in Section Section 11.4(a)-(d):

At each step in the process, unless the parties otherwise agree the neutral person or persons conducting the dispute resolution process shall determine meeting arrangements and formats necessary to efficiently expedite the resolution of the dispute, and shall notify the parties of these details. The parties shall seek to agree on such matters, but if after endeavoring in good faith they are unable to agree, or if they request it, the neutral authority for the proceeding shall make decisions regarding such details. The President shall assign a member of the FRCC staff to assist those responsible for conducting the dispute resolution with the administration of the process. If the parties resolve their dispute in a proceeding prior to the Board Proceeding, the person or persons responsible for conducting the dispute resolution process shall notify the President and the Chair of its outcome. After consultation with the parties and the individuals responsible for conducting the dispute resolution process to confirm the completion of the process described in that step, the President, with the concurrence of the Chair if the FRCC initiated the dispute, shall discharge the persons responsible for conducting the dispute resolution process, and notify the Board of the results.

Section 11.6 Expenses.

The parties to the dispute shall share equally all costs for meeting locations, administrative costs, and travel and related expenses of FRCC staff members, Mediators or arbitrators administering or conducting the dispute resolution process. The parties to the dispute shall also share equally all charges for time and expenses of a Mediator, an arbitrator or an arbitration panel. The FRCC Controller shall, with the assistance of the FRCC staff members assigned to assist in the administration of the proceedings, account for these expenses. Each party to the dispute shall be responsible for its own costs and fees, including attorney fees, associated with participation in any of the proceedings described herein.

ARTICLE XII

Miscellaneous Provisions

Section 12.1 Headings.

The headings used in these Bylaws are for convenience and may not be considered in construing these Bylaws.

Section 12.2 Number and Gender.

All singular words include the plural, and all plural words include the singular. All pronouns of one gender include reference to the other gender.

Section 12.3 Parties Bound.

These Bylaws will bind and inure to the benefit of any Members, Director, Member representative, agent, officer, or employee of the FRCC and their respective administrators, legal representatives, successors, and assigns except as these Bylaws otherwise provide.

Section 12.4 Minority Positions.

Any Voting Member or Standing Committee Representative who has a minority opinion on any significant issue may present the minority opinion to the Board in a manner as prescribed by the Board.

APPENDIX A

Voting Member Agreement - _____ Division

_____, hereby agrees to comply with and be bound by, and to

(Voting Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Voting Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

APPENDIX A

Affiliate Member Agreement – _____ Division

_____, hereby agrees to comply with and be bound by, and to

(Affiliate Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Affiliate Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

APPENDIX A

Adjunct Member Agreement – _____ Division

_____, hereby agrees to comply with and be bound by, and to

(Adjunct Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Adjunct Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

HISTORY OF REVISIONS

January, 1998

Amended December 19, 2001

Amended March 2, 2006

Amended September 25, 2007

Amended June 27, 2008

Amended February 6, 2009

Amended February 10, 2010

Amended May 5, 2010

Amended July 26, 2011

Amended October 25, 2011

Amended December 15, 2011

Exhibit C – Regional Standard Development Procedure

Exhibit C shall set forth the Regional Entity's standards development procedure, which NERC agrees meets the following common attributes:

COMMON ATTRIBUTE 1

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA [add reference to any applicable authorities in Canada and Mexico]. No regional reliability standard shall be effective within the [Regional Entity Name] area unless filed by NERC with FERC [and applicable authorities in Canada and Mexico] and approved by FERC [and applicable authorities in Canada and Mexico].

COMMON ATTRIBUTE 2

[Regional Entity Name] regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A [Regional Entity Name] reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

COMMON ATTRIBUTE 3

[Regional Entity Name] regional reliability standards, when approved by FERC [add applicable authorities in Canada], shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the [Regional Entity Name] area, regardless of membership in the region.

COMMON ATTRIBUTE 4

Requester — The requester is the sponsor of the regional reliability standard request and may assist in the development of the standard. Any member of [Regional Entity Name], or group within [Regional Entity Name] shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the reliability of the bulk power system in the [Regional Entity Name] area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

COMMON ATTRIBUTE 5

[Standards or other named] committee — The [Regional Entity Name] [standards] committee manages the standards development process. The [standards] committee will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The [standards] committee will advise the [Regional Entity Name] board on standards presented for adoption.

COMMON ATTRIBUTE 6

[Alternative 6A: For a Regional Entity that chooses to vote using a balanced stakeholder committee.]

The [standards] committee is a balanced stakeholder committee, inclusive of all stakeholder interests that provide for or are materially impacted by the reliability of the bulk power system. [The [standards] committee votes to approve standards.] See Appendix A for the representation model of the [standards] committee.

[Alternative 6B: For a Regional Entity that chooses to vote using a balanced ballot body of stakeholders.]

[Registered ballot body] — The registered ballot body comprises all entities or individuals that qualify for one of the stakeholder segments; are registered with [Regional Entity Name] as potential ballot participants in the voting on standards; and are current with any designated fees. Each member of the registered ballot body is eligible to vote on standards. [Each standard action has its own ballot pool formed of interested members of the registered ballot body. Each ballot pool comprises those members of the registered ballot body that respond to a pre-ballot survey for that particular standard action indicating their desire to participate in such a ballot pool.] The representation model of the registered ballot body is provided in Appendix A.]

COMMON ATTRIBUTE 7

[Regional Entity Name] will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 1, notice of comment posting period identified in step 4, and notice for vote identified in step 5 below are concurrently posted on both the [Regional Entity Name] and NERC websites.

COMMON ATTRIBUTE 8

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

COMMON ATTRIBUTE 9

Within [no greater than 60] days of receipt of a completed standard request, the [standards] committee shall determine the disposition of the standard request.

COMMON ATTRIBUTE 10

The [standards] committee may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The [standards] committee may, at its discretion, expand or narrow the scope of the standard request under consideration. The [standards] committee shall prioritize the development of standard in relation to other proposed standards, as may be required based on the volume of requests and resources.
- Reject the standard request. If the [standards] committee rejects a standard request, a written explanation for rejection will be delivered to the requester within [no greater than 30] days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the [standards] committee. The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the [standards] committee.

COMMON ATTRIBUTE 11

Any standard request that is accepted by the [standards] committee for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the [Regional Entity Name] website within [no greater than 30] days of acceptance by the committee.

COMMON ATTRIBUTE 12

The standards process manager shall submit the proposed members of the drafting team to the [standards] committee. The [standards] committee shall approve the drafting team membership within 60 days of accepting a standard request for development, modifying the recommendations of the standards process manager as the committee deems appropriate, and assign development of the proposed standard to the drafting team.

COMMON ATTRIBUTE 13

At the direction from the [standards] committee, the standards process manager shall facilitate the posting of the draft standard on the [Regional Entity Name] website, along with a draft implementation plan and supporting documents, for a no less than a [30]-day comment period. The standards process manager shall provide notice to [Regional Entity Name] stakeholders and other potentially interested entities, both within and outside of the [Regional Entity Name] area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

COMMON ATTRIBUTE 14

The drafting team shall prepare a summary of the comments received and the changes made to the proposed standard as a result of these comments. The drafting team shall summarize comments that were rejected by the drafting team and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the [Regional Entity Name] website no later than the next posting of the proposed standard.

COMMON ATTRIBUTE 15

Upon recommendation of the drafting team, and if the [standards] committee concurs that all of the requirements for development of the standard have been met, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

COMMON ATTRIBUTE 16

The standards process manager shall schedule a vote by the [Regional Entity Name] [registered ballot body/[standards] committee]. The vote shall commence no sooner than [15] days and no later than [30] days following the issuance of the notice for the vote.

COMMON ATTRIBUTE 17

[Alternative 17A: For an RE that chooses to vote using a balanced stakeholder committee.]

The [standards] committee shall give due consideration to the work of the drafting team, as well as the comments of stakeholders and minority objections, in approving a proposed regional reliability standard for submittal to the [Regional Entity Name] board. The [standards]

committee may vote to approve or not approve the standard. Alternatively, the [standards] committee may remand the standard to the drafting team for further work or form a new drafting team for that purpose.

[Alternative 17B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

The [Regional Entity Name] registered ballot body shall be able to vote on the proposed standard during a period of [not less than 10] days.

COMMON ATTRIBUTE 18

[Alternative 18A: For an RE that chooses to vote using a balanced stakeholder committee.]

The [standards] committee may not itself modify the standard without issuing a new notice to stakeholders regarding a vote of the modified standard.

[Alternative 18B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

All members of [Regional Entity Name] are eligible to participate in voting on proposed new standards, standard revisions or standard deletions. [Alternatively: Each standard action requires formation of a ballot pool of interested members of the registered ballot body.]

COMMON ATTRIBUTE 19

[Alternative 19A: For an RE that chooses to vote using a balanced stakeholder committee.]

Actions by the committee shall be recorded in the regular minutes of the committee.

[Alternative 19B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

Approval of the proposed regional reliability standard shall require a [two thirds] majority in the affirmative (affirmative votes divided by the sum of affirmative and negative votes). Abstentions and non-responses shall not count toward the results, except that abstentions may be used in the determination of a quorum. A quorum shall mean [XX%] of the members of the [registered ballot body/ballot pool] submitted a ballot.

COMMON ATTRIBUTE 20

Under no circumstances may the board substantively modify the proposed regional reliability standard.

COMMON ATTRIBUTE 21

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC [and applicable authorities in Canada and Mexico.]

COMMON ATTRIBUTE 22

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the [Regional Entity Name] bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in [Regional Entity Name], and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the [Regional Entity Name] members and others.

COMMON ATTRIBUTE 23

- **Balanced** - The [Regional Entity Name] standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

COMMON ATTRIBUTE 24

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the [Regional Entity Name] area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

COMMON ATTRIBUTE 25

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of interested stakeholders.

COMMON ATTRIBUTE 26

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity's Web site.

COMMON ATTRIBUTE 27

- Does not unnecessarily delay development of the proposed reliability standard.

COMMON ATTRIBUTE 28

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

COMMON ATTRIBUTE 29

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC's market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

COMMON ATTRIBUTE 30

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

COMMON ATTRIBUTE 31

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

COMMON ATTRIBUTE 32

Applicability	<p>Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions.</p> <p>If not applicable to the entire [Regional Entity Name] area, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.</p>
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COMMON ATTRIBUTE 33

Measure(s)	<p>Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
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COMMON ATTRIBUTE 34

Compliance Monitoring Process	<p>Defines for each measure:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible for providing the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes. • The entity that is responsible for evaluating data or
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	<p>information to assess performance or outcomes.</p> <ul style="list-style-type: none">• The time period in which performance or outcomes is measured, evaluated, and then reset.• Measurement data retention requirements and assignment of responsibility for data archiving.
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EXHIBIT C
TO PRO FORMA DELEGATION AGREEMENT

**FRCC REGIONAL RELIABILITY STANDARD
DEVELOPMENT PROCESS**

Amended September 25, 2007



1408 N. Westshore Blvd., Suite 1002, Tampa, Florida 33607-4512
Phone 813.289-5644 * Fax 813.289-5646
www.frcc.com

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I. Introduction and Background

Purpose

This manual establishes the process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region. FRCC Regional Reliability Standards apply to the reliability planning and reliable operation of the Bulk Power System in the FRCC Region. Proposed FRCC Regional Reliability Standards shall be subject to approval by the North American Electric Reliability Corporation (NERC), as the electric reliability organization, and by the Federal Energy Regulatory Commission (FERC) before becoming mandatory and enforceable under Section 215 of the Federal Power Act. FRCC Regional Reliability Standards, when approved by FERC, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators and users within the FRCC Region, regardless of membership in the region.

The FRCC Regional Reliability Standards Development Process is based on providing an open and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards. Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the reliability of the FRCC Bulk Power System has a right to participate by: a) expressing a position and its basis, b) having that position considered, c) voting on and d) having the right to appeal.

FRCC Regional Reliability Standard Principles

FRCC Regional Reliability Standards go beyond, add detail to, or implement NERC Reliability Standards, or cover matters not addressed in NERC Reliability Standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC Reliability Standards.

FRCC Regional Reliability Standards are based on NERC's Reliability Principles and Market Interface Principles. Each FRCC Regional Reliability Standard shall enable or support one or more of NERC's Reliability Principles and must accommodate competitive electricity markets by being consistent with NERC's Market Interface Principles.

The FRCC Regional Reliability Standard Development Process defines the fair and open process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region and has the following characteristics:

- **Due Process** – Any interested party, or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System has a right to participate in this process as indicated in this manual.
- **Openness** – Participation is open to any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System. Participation shall not be conditional upon membership in the FRCC. All FRCC Regional Reliability Standard development meetings will be open and noticed on the FRCC website.

- **Balance** – The FRCC Regional Reliability Standard Development Process shall have a balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

II. FRCC Regional Reliability Standard Definition, Characteristics, and Elements

Definition

A FRCC Regional Reliability Standard defines certain obligations or requirements of all owners, operators and users of the FRCC Bulk Power System regardless of membership in the FRCC. The obligations or requirements must be material to reliability and measurable. Each obligation and requirement shall support one or more of the NERC reliability principles and shall be consistent with all of the NERC reliability and market interface principles.

FRCC Regional Reliability Standards go beyond, add detail to, or implement NERC reliability standards, or cover matters not addressed in NERC reliability standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC reliability standards.

Characteristics

A FRCC Regional Reliability Standard shall have the following characteristics:

- **Material to Reliability** - A FRCC Regional Reliability Standard shall be material to the reliability of the FRCC Bulk Power System. If the reliability of the FRCC Bulk Power System could be compromised without a particular standard or by a failure to comply with that standard, then the standard is material to reliability.
- **Measurable** - A FRCC Regional Reliability Standard shall establish technical or performance requirements that can be practically measured.
- **Relative to NERC Reliability Standards** - A FRCC Regional Reliability Standard must go beyond, add detail to, or implement NERC reliability standards, or cover matters not addressed in NERC reliability standards.

Although FRCC Regional Reliability Standards have a common format and process, several types of Reliability Standards may exist, each with a different approach to measurement:

- **Technical standards** related to the provision, maintenance, operation, or state of Bulk Power System will likely contain measures of physical parameters and will often be technical in nature.
- **Performance standards** related to the actions of entities providing for or impacting the reliability of the FRCC Bulk Power System will likely contain measures of the results of such actions, or the nature of the performance of such actions.
- **Preparedness standards** related to the actions of entities to be prepared for conditions that are unlikely to occur but are critical to reliability will likely contain measures of such preparations or the state of preparedness.

Elements

A FRCC Regional Reliability Standard shall consist of the elements identified in this section of this manual. These elements are intended to apply a systematic discipline in the development and revision of Reliability Standards. The format allows a clear statement of the purpose, requirements, measures, and compliance elements associated with each Reliability Standard. Supporting documents to aid in the implementation of a Reliability Standard may be referenced by the Reliability Standard but are not part of the Reliability Standard itself.

Performance Elements of a FRCC Regional Reliability Standard

Identification Number	A unique identification number assigned in accordance with an administrative classification system to facilitate tracking and reference.
Title	A brief, descriptive phrase identifying the topic of the Reliability Standard.
Applicability	Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions. If not applicable to the entire FRCC, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.
Effective Date and Status	The effective date of the Reliability Standard or, the proposed effective date.
Purpose	The purpose of the Reliability Standard. The purpose shall explicitly state what outcome will be achieved or is expected by this Reliability Standard.
Requirement(s)	Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies what entity is responsible and what action is to be performed or what outcome is to be achieved. Each statement in the requirements section shall be a statement for which compliance is mandatory. Any additional comments or statements for which compliance is not mandatory, such as background or explanatory information should be placed in a separate document and referenced.
Risk Factor(s)	The potential reliability significance of each requirement, designated as a High, Medium or Lower Risk Factor in accordance with the criteria listed below: A Lower Risk Factor requirement is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor and control the FRCC Bulk Power System; or (b) is a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative

	<p>conditions anticipated by the preparations, be expected to affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor, control, or restore the FRCC Bulk Power System.</p> <p>A Medium Risk Factor requirement (a) is one that, if violated, could directly affect the electrical state or the capability of the FRCC Bulk Power System but is unlikely to lead to FRCC Bulk Power System instability, separation, or cascading failures; or (b) is a requirement in the planning time frame that , if violated, could under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor and control the FRCC Bulk Power System but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to FRCC Bulk Power System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.</p> <p>A High Risk Factor requirement (a) is one that, if violated, could directly cause or contribute to FRCC Bulk Power System instability, separation, or a cascading sequence of failures, or could place the FRCC Bulk Power System at an unacceptable risk of instability, separation, or cascading failures, or (b) is a requirement in a planning time frame that, if violated, could under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to FRCC Bulk Power System instability, separation, or a cascading sequence of failures, or could place the FRCC Bulk Power System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</p>
Measure(s)	<p>Each requirement shall be addressed by one or more measures. Measures that will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure identifies to whom the measure applies and the expected level of performance or outcomes required to demonstrate compliance. Each measure shall be tangible, practical, and as objective as is practical. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
Compliance Monitoring Process	<p>The compliance elements define:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible to provide the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes.

	<ul style="list-style-type: none"> • The entity that is responsible for evaluating data or information to assess performance or outcomes. • The time period in which performance or outcomes is measured, evaluated, and then reset. • Measurement data retention requirements and assignment of responsibility for data archiving.
Violation Severity Levels	Defines the degree to which compliance with a requirement was not achieved. The violation severity levels, are part of the standard and are approved with the standard.

III. Roles in the FRCC Regional Reliability Standard Development Process

Nomination, Modification, or Withdrawal of A Regional Standard

Any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn. Additionally, any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn.

Standard Development Process Roles

FRCC Board of Directors – The FRCC Board of Directors shall consider for adoption as FRCC Regional Reliability Standards, those Standards that have been developed and approved by this process. Once the Board adopts a FRCC Regional Reliability Standard, such Standard shall be submitted to NERC for approval. When approved by NERC, it will be submitted to FERC for approval.

Registered Ballot Body (RBB) – The registered ballot body votes to approve FRCC Regional Reliability Standards. The RBB comprises all entities or persons that qualify for one of the FRCC Industry Sectors as defined in Section 1.2 of the FRCC Bylaws, and are registered with FRCC as potential ballot participants in the voting on standards. FRCC membership is not a requirement to participate in the development of and voting on FRCC Regional Reliability Standards. Any entity or person that has a material interest in the reliability of the FRCC Bulk Power System shall be allowed to register as potential ballot participants in the RBB. (See Appendix C)

Ballot Pool (BP) – Each standard action has its own BP formed of interested members of the RBB. The BP comprises those members of the RBB that respond to a pre-ballot survey for that particular standard that indicates their desire to participate in the ballot of that standard. The BP will vote to approve each FRCC Regional Reliability Standard.

FRCC Operating Committee (OC) and FRCC Planning Committee (PC) – The FRCC OC and the FRCC PC (both of which are balanced stakeholder committees, see Appendix C) shall have the primary responsibility for the development, modification or withdrawal of FRCC Regional Reliability Standards.

FRCC Standards Process Manager – The FRCC Regional Reliability Standard Development Process shall be administered by the FRCC Standards Process Manager. The FRCC Standards Process Manager will ensure the integrity of the process and the consistency of quality and completeness of the FRCC Regional Reliability Standards. The FRCC Standards Process Manager will facilitate all steps in this process, and will coordinate with NERC to ensure required information is posted on both NERC and FRCC websites.

Standard Drafting Team – A team of technical experts, such as FRCC Subcommittees, Working Groups, Task Forces, or the FRCC Staff, will be appointed by the FRCC OC and/or PC, that will:

- Develop the details of the FRCC Regional Reliability Standard,
- Consider and respond to industry comments,
- Participate in forums to help build consensus on draft FRCC Regional Reliability Standards,
- Assist in the implementation of approved FRCC Regional Reliability Standards,
- Provide technical oversight in response to changing industry conditions,
- Assist in the identification of the need for new FRCC Regional Reliability Standards.

FRCC Compliance Staff – The FRCC compliance staff provides input and comments during the standard development process to ensure the requirements are not ambiguous, that measures will be effective and that the compliance elements of a standard can be practically implemented.

IV. Steps in Developing a FRCC Regional Reliability Standard

Step 1 – Request a new FRCC Regional Reliability Standard or modification to, or withdrawal of an existing FRCC Regional Reliability Standard

A request to develop, modify or withdraw a FRCC Regional Reliability Standard shall be submitted to the FRCC Standards Process Manager (via email to FRCCStandard@frcc.com) by any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, or any interested party or any entity that is directly and materially affected by reliability of the FRCC Bulk Power System. The FRCC Standards Process Manager will acknowledge receipt of the request within fifteen (15) calendar days of its receipt.

Step 2 – Assignment of FRCC Regional Reliability Standard Request

The FRCC Standards Process Manager will assign the request to the FRCC OC, the FRCC PC, or both as appropriate.

Step 3 – Posting of FRCC Regional Reliability Standard Request

The request for standard development, modification or withdrawal will be posted for notification and comment on the FRCC public website for a period of fifteen (15) calendar days, and will be reviewed by the FRCC OC and/or PC. A notice of the posting for comment will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek input on the proposed request.

Step 4 – Acceptance of a FRCC Regional Reliability Standard Request

The FRCC OC and/or the PC will review the request and any comments submitted to determine if the request received will be accepted or rejected within sixty (60) days of its submission. The decision will be posted and, if accepted, the OC and/or the PC will assign and direct a Standard Drafting Team to develop the draft Regional Reliability Standard. If the request is rejected, the FRCC Standards Process Manager will send notification to the entity making the request and to all entities that received the notice in Step 3 above.

Step 5 – Drafting and Posting of a FRCC Regional Reliability Standard

The FRCC OC and/or PC will assign a Standard Drafting Team, within 60 days of acceptance of the request, to develop, in a timely manner, a draft FRCC Regional Reliability Standard that will address the accepted request. The FRCC OC and/or PC may provide a timeframe that is desired for completion of the standard development.

Under the direction of the FRCC OC and/or PC, the Standard Drafting Team, will consider all comments received on the posting of the standard request and will develop a draft FRCC Regional Reliability Standard and corresponding implementation plan.

The draft FRCC Regional Reliability Standard, implementation plan and any supporting documents shall be posted for comments on the FRCC public website for a period of fifteen (15) calendar days, or such longer period as determined by the drafting team or as directed by the FRCC OC and/or the PC. Notice of the posting will go out to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public

Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek comments.

Comments shall be submitted (via email) to the FRCC Standards Process Manager (FRCCStandard@frcc.com). All comments are due by the close of business on the 15th calendar day of posting, or such later date as determined by the drafting team or as directed by the FRCC OC and/or PC. If the comment due date falls on a weekend or nationally recognized holiday, the comments shall be due by the close of business on the next regularly scheduled business day.

Step 6 – Standards Drafting Team Review of Comments

All comments should be submitted electronically to the FRCC Standards Process Manager who will forward to the Standard Drafting Team for consideration. All timely comments will be considered.

Under the direction given by the FRCC OC and/or the PC, the Standard Drafting Team will review the comments received and revise the draft FRCC Regional Reliability Standard and/or implementation plan as needed. The Standard Drafting Team will develop written responses to each comment received.

All responses to the submitted comments will be documented and posted on the FRCC public website. If needed, a second draft of the FRCC Regional Reliability Standard will be posted for another comment period. Such comment period shall be fifteen (15) calendar days, or such longer period as determined by the drafting team or as directed by the FRCC OC and/or PC.

Notice of the posting will go out to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek comments.

Based on comments received to the posting, Step 6 will be repeated as necessary until the Standards Drafting Team believes the draft FRCC Regional Reliability Standard is ready to submit to the Ballot Pool for approval.

Step 7 –Establishment of Ballot Pool

The Standard Drafting Team shall submit the final draft of the proposed FRCC Regional Reliability Standard, along with any minority opinions, and all comments and written responses received during the posting(s), to the FRCC Standards Process Manager. The FRCC Standards Process Manager shall establish a Ballot Pool for standard action at least fifteen (15) calendar days prior to the start of a ballot. A pre-ballot survey will be sent to each entity of the RBB to determine their desire to be placed in the Ballot Pool. Once the ballot period opens, the Ballot Pool will be closed and changes to the Ballot Pool participation will not be allowed.

Step 8 – Ballot of the new or revised FRCC Regional Reliability Standard

The FRCC Standards Process Manager will post the final draft of the standard on the FRCC website at least fifteen (15) calendar days before a ballot can begin. The Ballot Pool shall have a minimum of ten (10) calendar days to vote on a standard. The Ballot Pool may vote to approve or not approve the standard. If approved, the FRCC Standards Process Manager will submit the FRCC Regional Reliability Standard, proposed implementation plan, and any supporting documents to the FRCC Board of Directors for adoption.

If approval by the Ballot Pool is not obtained, the PC and/or OC will determine if the draft standard is to be sent back to the standard drafting team to repeat step 6 to incorporate any comments, or to take no further action.

If no further action is taken, the reason for such will be posted on the FRCC public website. A notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

Step 9 – Adoption of FRCC Regional Reliability Standards by the FRCC Board of Directors

At a regular or special meeting, the FRCC Board of Directors may consider adoption of the proposed FRCC Regional Reliability Standard that has been approved by the RBB Ballot Pool. A FRCC Regional Reliability Standard submitted for adoption by the FRCC Board of Directors must be posted for notification and comment on the FRCC public website at least ten (10) calendar days prior to action by the FRCC Board of Directors. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator. The FRCC Board of Directors shall consider the comments received, the responses provided, and any dissenting opinions. The FRCC Board of Directors shall adopt or reject a FRCC Regional Reliability Standard as submitted, but may not modify the proposed FRCC Regional Reliability Standard. If the FRCC Board of Directors chooses not to adopt a FRCC Regional Reliability Standard, it shall provide its reasons for not doing so.

If the FRCC Board of Directors chooses not to adopt the proposed FRCC Regional Reliability Standard, the reason for such decision will be posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

Step 10 – Submission to NERC and FERC

Once the FRCC Regional Reliability Standard is adopted by the FRCC Board of Directors, the FRCC Standard Process Manager shall submit the FRCC Regional Reliability Standard to NERC for approval. When approved by NERC, it shall be submitted by NERC to FERC for approval. If NERC or FERC rejects the FRCC Regional Reliability Standard, the FRCC Board of Directors will determine if the standard is to be sent back to the OC and/or PC to incorporate their comments or to take no further action on the standard. A FRCC Regional Reliability Standard that is adopted by the FRCC Board of Directors, approved by NERC and FERC, shall become effective on a date designated by FERC.

V. Special Procedures

Urgent Action

Under certain conditions, the entity making the request or the FRCC OC and/or the PC may designate a proposed or revised FRCC Regional Reliability Standard as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed or revised FRCC Regional Reliability Standard will materially impact reliability of the Bulk Power System in the FRCC Region. The FRCC OC and/or the PC must use its judgment carefully to ensure an urgent action is truly necessary and not simply an expedient way to change or implement a FRCC Regional Reliability Standard.

The entity making the request, or the FRCC OC and/or the PC, will prepare a draft of the proposed FRCC Regional Reliability Standard and submit it to the Standards Process Manager for urgent action. The submission must include a justification for the urgent action. The Standards Process Manager shall immediately post the draft as specified in Step 5. The posting shall be a minimum of ten (10) calendar days before the RBB can consider the draft for approval. All comments received during the posting will be considered. Once approved by the RBB, the proposed urgent FRCC Regional Reliability Standard will be sent to the FRCC Board of Directors for adoption.

A FRCC Regional Reliability Standard that is adopted by the FRCC Board of Directors, as an urgent action shall have a termination date specified that shall not exceed 180 days from the approved date. Should there be a need to make the FRCC Regional Reliability Standard permanent, the replacement FRCC Regional Reliability Standard would be required to go through the full standards development process.

An urgent action FRCC Regional Reliability Standard that expires may be renewed by the FRCC Board of Directors using the urgent action process again, in the event a permanent FRCC Regional Reliability Standard has not been adopted. In determining whether to authorize the extension of an urgent action FRCC Regional Reliability Standard, the FRCC OC and/or the PC shall consider the impact to the reliability of the FRCC Bulk Electric System of not continuing the FRCC Regional Reliability Standard. In addition, consideration will be given to whether expeditious progress is being made toward a permanent replacement.

The FRCC OC and/or the PC shall not request the FRCC Board of Directors to extend an urgent action FRCC Regional Reliability Standard if there is insufficient progress toward adopting a permanent replacement FRCC Regional Standard or if the FRCC OC and/or the PC lack confidence that a reasonable completion date is achievable. The intent is to ensure that an urgent action FRCC Regional Reliability Standard does not in effect take on a degree of permanence due to the lack of an expeditious effort to develop a permanent replacement FRCC Regional Reliability Standard. With these principles, there is no pre-determined limit on the number of times an urgent action may be renewed. However, each urgent action FRCC Regional Reliability Standard renewal shall be effective only upon adoption by the FRCC Board of Directors, and approval by NERC and FERC.

Interpretations of Standards

Any member of the FRCC, or group within the FRCC, or an entity that is directly and materially affected by reliability of the FRCC Bulk Power System shall be permitted to request an interpretation of a FRCC Regional Reliability Standard. The entity requesting an interpretation shall send a request to the FRCC Standards Process Manager explaining the specific circumstances surrounding the request and what clarifications are required as applied to those circumstances. The request should indicate the material impact to the requesting party, or others, caused by the lack of clarity or a possible incorrect interpretation of the FRCC Regional Reliability Standard. The FRCC Standards Process Manager will assemble a team with the relevant expertise to address the clarification.

As soon as practical (but not more than thirty (30) calendar days following the receipt of the request), the team will draft a written interpretation of the FRCC Regional Reliability Standard addressing the issues raised. The FRCC Standards Process Manager will submit the written interpretation to the OC and/or PC for review and approval. If approved by the FRCC OC and/or the PC, the interpretation is appended to the FRCC Regional Reliability Standard and is effective immediately. The interpretation will stand until such time as the FRCC Regional Reliability Standard is revised through the normal process, at which time the FRCC Regional Reliability Standard will be modified to incorporate the clarifications provided by the interpretation.

Appeals

Any member of the FRCC, or group within the FRCC, or any entity that is directly and materially affected by reliability of the FRCC Bulk Power System, and who feel they have been or will be adversely affected by any substantive or procedural action or inaction related to the development, approval, revision, or withdrawal of a FRCC Regional Reliability Standard shall have the right to appeal. This appeals process applies only to the FRCC Regional Reliability Standards Process as defined in this document

The burden of proof to show adverse effect shall be on the appellant. Appeals shall be made within thirty (30) calendar days of the date of the action purported to cause the adverse effect. The final decisions of any appeal shall be documented in writing and posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator .

The appeals process provides two levels, with the goal of expeditiously resolving the issue to the satisfaction of the participants:

Level 1 Appeal

Level 1 is the required first step in this appeals process. The appellant submits to the FRCC Standards Process Manager a complaint in writing that describes the substantive or procedural action associated with a FRCC Regional Reliability Standard or the FRCC Regional Reliability Standards Process. The appellant describes in the complaint the actual or potential adverse impact to the appellant. Assisted by any necessary staff and committee resources, the FRCC Standards Process Manager shall prepare a written

response addressed to the appellant as soon as practical but not more than forty-five (45) calendar days after receipt of the complaint. If the appellant accepts the response as a satisfactory resolution of the issue, both the complaint and response will be made a part of the record associated with the FRCC Regional Reliability Standard.

Level 2 Appeal

If after the Level 1 Appeal, the appellant remains unsatisfied with the resolution, notification shall be made in writing to the FRCC Standards Process Manager. Within thirty (30) calendar days of receiving the notification, the FRCC Standards Process Manager shall convene a Level 2 Appeals Panel. This panel shall consist of five members appointed by the FRCC Board of Directors. In all cases, Level 2 Appeals Panel members shall have no direct affiliation with the participants in the appeal.

The FRCC Standards Process Manager shall post on the FRCC public website the notice of the Level 2 appeal and other relevant materials. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator. At least fifteen (15) calendar days notice of the meeting of the Level 2 Appeals Panel will be made. In addition to the appellant, any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System, and who is directly and materially affected by the substantive or procedural action referenced in the complaint shall be heard by the panel.

The Level 2 Appeals Panel shall not consider any expansion of the scope of the appeal that was not presented in the Level 1 Appeal. The Level 2 Appeals Panel may in its decision find for the appellant and remand the issue to the FRCC OC and/or the PC for resolution with a statement of the issues and facts in regard to which fair and equitable action was not taken. The Level 2 Appeals Panel may find against the appellant with a specific statement of the facts that demonstrate fair and equitable treatment of the appellant and the appellant's objections.

The Level 2 Appeals Panel may not, however, revise, approve, disapprove, or adopt a FRCC Regional Reliability Standard, as these responsibilities remain with the FRCC Board of Directors. The actions of the Level 2 Appeals Panel shall be posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

VI. Maintenance of the FRCC Regional Reliability Standards and Process

Requests to Revise the FRCC Regional Reliability Standard Development Process

Any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System may submit a written request to modify the FRCC Regional Reliability Standard Development Process Manual. The FRCC Standards Process Manager shall oversee the handling of the request. The FRCC OC and/or the PC shall review the request and submit recommendations to the FRCC Board of Directors for consideration. The FRCC Board of Directors, on its own motion, may amend the FRCC Regional Reliability Standard Process.

Five-Year Review

Each FRCC Regional Reliability Standard shall be reviewed at least once every five (5) years. The review date will be determined from the effective date or the latest revision date whichever is later. The review process shall be conducted in accordance with Steps 1 through 10 of the FRCC Regional Reliability Standard Development Process Manual. As a result of this review, a FRCC Regional Reliability Standard shall be reaffirmed, revised, or withdrawn.

Filing of FRCC Regional Standards with Regulatory Agencies

All adopted FRCC Regional Reliability Standards will be filed with FERC.

APPENDIX A

Email completed form to FRCCStandard@frcc.com

FRCC Regional Reliability Standard Request Form

Title of Proposed Standard
Request Date

Requestor Information	TYPE (Check a box for each one that applies)
Name	<input type="checkbox"/> New Standard
Primary Contact	<input type="checkbox"/> Revision to existing Standard
Telephone	<input type="checkbox"/> Withdrawal of existing Standard
Fax	
Email	<input type="checkbox"/> Urgent Action

Purpose (Describe the purpose of the standard – what the standard will achieve in support of reliability)

Industry Need (Provide a detailed statement justifying the need for the proposed standard, along with any supporting documentation)

Brief Description (Describe the proposed standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others)

FRCC Regional Reliability Standard Request Form

The Standard will Apply to the Following Functions (Check box for each one that applies)

<input type="checkbox"/>	Reliability Coordinator	Ensures the reliability of the bulk transmission system within its Reliability Authority area.
<input type="checkbox"/>	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
<input type="checkbox"/>	Planning Authority	Plans the Bulk Electric System
<input type="checkbox"/>	Resource Planner	Develops a long-term plan for the resource adequacy of specific loads within a Planning Authority area
<input type="checkbox"/>	Transmission Planner	Develops a long-term plan for the reliability of transmission systems within its portion of the Planning Authority area
<input type="checkbox"/>	Transmission Service Provider	Provides transmission services to qualified market agreements
<input type="checkbox"/>	Transmission Owner	Owens transmission facilities
<input type="checkbox"/>	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
<input type="checkbox"/>	Distribution Provider	Provides and operates the “wires” between the transmission system and the customer
<input type="checkbox"/>	Generator Owner	Owens and maintains generation unit(s)
<input type="checkbox"/>	Generator Operator	Operates generation units(s) and performs the functions of supplying energy and Interconnected Operations Services
<input type="checkbox"/>	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity, and all necessary Interconnected Operations Services as required
<input type="checkbox"/>	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user

FRCC Regional Reliability Standard Request Form

NERC Reliability Principles

Applicable Reliability Principles (Check box for all that apply.)	
	1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
	2. The frequency and voltage of interconnected bulk electric systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
	3. Information necessary for the planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably.
	4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained, and implemented.
	5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk electric systems.
	6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified, and have the responsibility and authority to implement actions.
	7. The security of the interconnected bulk electric systems shall be assessed, monitored, and maintained on a wide-area basis.

NERC Market Interface Principles

Does the proposed Standard comply with all of the following Market Interface Principles?	
Recognizing that reliability is an essential requirement of a robust North American economy:	
yes or no	1. A reliability standard shall not give any market participant an unfair competitive advantage.
yes or no	2. A reliability standard shall neither mandate nor prohibit any specific market structure.
yes or no	3. A reliability standard shall not preclude market solutions to achieving compliance with that standard.
yes or no	4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards.

FRCC Regional Reliability Standard Request Form

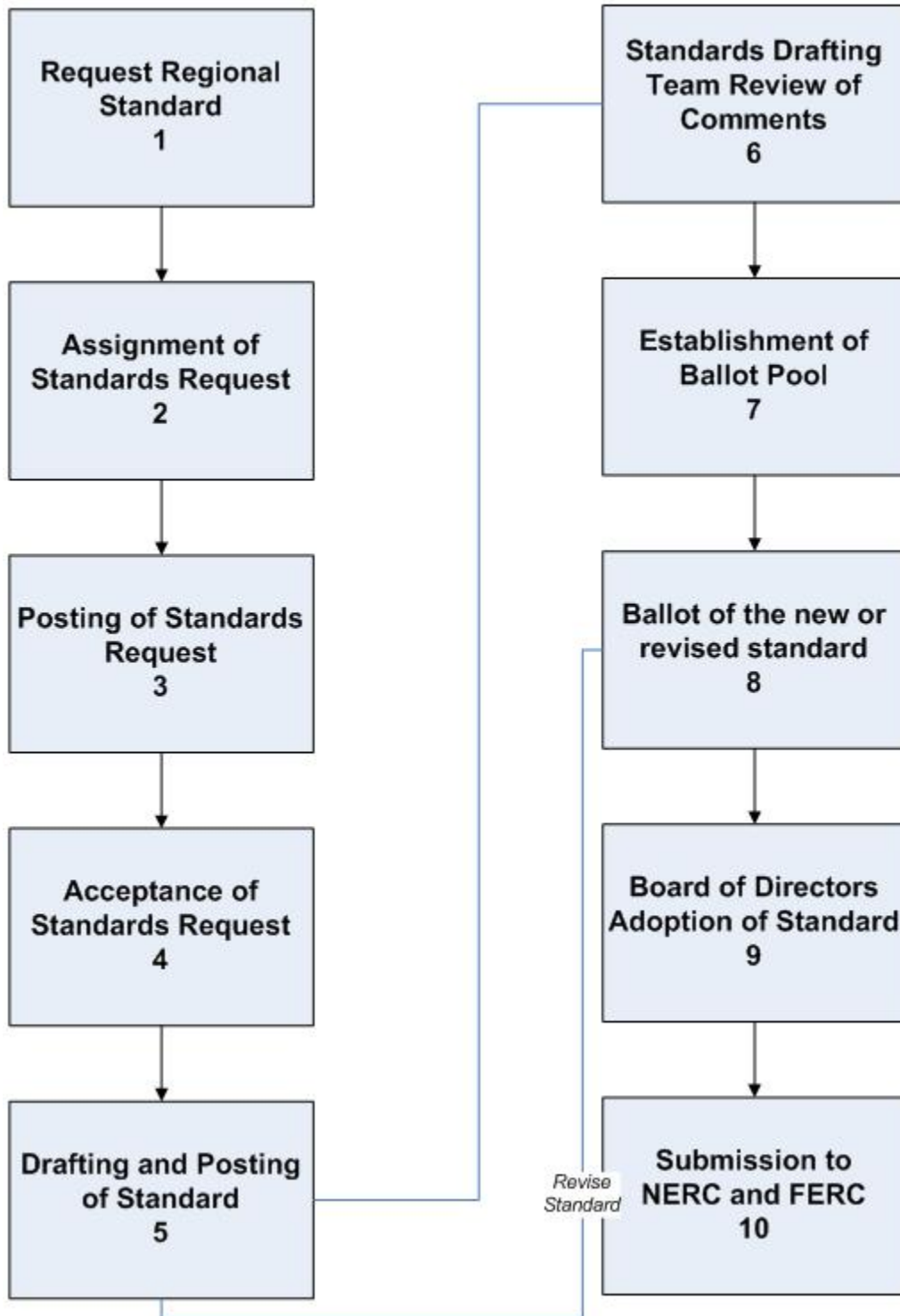
Related Standards

Standard No.	Explanation

<p>Proposed Implementation days after Board of Directors adoption or</p> <hr/> <p>On (date):</p>
--

APPENDIX B

Process Diagram



APPENDIX C

Development of and Voting of the Registered Ballot Body

1. Registration Procedures

The Registered Ballot Body (RBB) comprises all entities¹ and persons that:

- Qualify for one of the FRCC Industry Sectors, and
- Are registered with the FRCC as potential ballot participants in the voting on FRCC Regional Reliability Standards.

All registrations will be done electronically. All entities and persons will self-select to belong to the RBB. The sectors shall be identical to those in Section 1.2 of the FRCC Bylaws.

All RBB members will have the ability to vote on a standard. Voting will be done in writing (either email or facsimile) with each RBB member having one vote. The RBB representative will have the right to register and participate in ballot pools to cast their vote on a standard being considered for approval.

2. Sector Qualification Guidelines

The general guidelines are as follows:

- An entity or person may register in the RBB in any Sector in which it qualifies for provided that an entity or person registers as a potential ballot participant in only one (1) Sector.
- Any individual currently employed by an organization that is eligible to join one or more of the other five (5) sectors, shall not be qualified to join as a General Sector RBB member.

3. Ballot Pool Voting

A Ballot Pool will be established to vote on any proposed standards action. Each RBB member choosing to belong to a Ballot Pool will have one individual vote. Two-thirds of the individual votes of the Ballot Pool shall constitute a quorum.

Approval of a FRCC Regional Reliability Standard requires the affirmative vote of a two-thirds majority of the weighted sector votes cast. The number of votes cast in each sector is the sum of the affirmative and negative votes, excluding abstentions.

The following steps will be used to determine if there is sufficient affirmative votes:

1. The number of affirmative votes cast in each sector will be divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each sector. Abstentions will not be counted.

¹ An entity and all of its Affiliates (as defined in the FRCC Bylaws) shall be considered one entity for purposes of registering as a potential ballot participant.

2. The fractional affirmative vote for a sector will then be multiplied by the Sector Weight Factor to determine the weighted fractional affirmative vote for a sector. The Sector Weight Factors are:
 - a. Suppliers Sector: Weight Factor = 2.5
 - b. Non-Investor Owned Utility Wholesale Sector: Weight Factor = 2.0
 - c. Load Serving Entity Sector: Weight Factor = 1.0
 - d. Generating Load Serving Entity Sector: Weight Factor = 3.0
 - e. Investor Owned Utility Sector: Weight Factor = 3.5
 - f. General Sector: Weight Factor = 1.0
3. The sum of the weighted fractional affirmative votes from all sectors divided by the sum of the weights of the sectors voting will be used to determine if a two-thirds majority has been achieved. A sector will be considered as “voting” if any member of the sector in the Ballot Pool casts either an affirmative or negative vote.
4. A FRCC Regional Reliability Standard will be considered “approved” if the sum of the weighted fractional affirmative votes from all sectors divided by the sum of the weights of the voting sectors is two-thirds or greater.

History of Revisions

Approved March 2, 2006
Amended July 25, 2006
Amended October 24, 2006
Amended September 25, 2007

EXHIBIT D – COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

FRCC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within FRCC's geographic or electrical boundaries, and such other scope, set forth on **Exhibit A** of this Agreement.

2.0 REGIONAL HEARING OF COMPLIANCE MATTERS

FRCC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be the FRCC Board Compliance Committee (BCC), a balanced compliance panel reporting directly to the FRCC's Board of Directors.

The BCC will consist of one (1) representative of a Voting Member from each of the six (6) sectors in the FRCC, who shall be a member of the Board of Directors. Each year, two (2) Directors (including Alternate Directors) from each Sector, will volunteer to serve in a BCC pool. At the time a hearing request is received, the Chair of the FRCC Board of Directors will appoint one member from each Sector to form the BCC for that hearing. Once appointed to a hearing, a Director or Alternate Director shall serve throughout the hearing's duration. The Board Member from the Registered Entity that has requested the hearing will not be selected for that BCC. In the event one (1) Sector of the FRCC declines to participate on the BCC, the Chair of the Board of Directors shall randomly select one (1) additional BCC member from the remaining five (5) Sectors to constitute the BCC. The Chair of the FRCC Board of Directors will appoint a Chair and Vice-Chair of the BCC. Terms of BCC members will be equivalent to the time it takes to complete the hearing for which they were selected. Members may be re-appointed to subsequent terms without any limits to the number of terms they serve.

FRCC Industry Sectors are as follows:

- One (1) Member from the Investor Owned Utility Sector
- One (1) Member from the Suppliers Sector
- One (1) Member from the Non-Investor Owned Utility Wholesale Sector
- One(1) Member from the Load Serving Entity Sector
- One (1) Member from the Generating Load Serving Entity Sector
- One (1) Member from the General Sector

Each member of the BCC shall be a full voting member. There will be no alternates or proxies for the BCC members. Decisions of the BCC shall require (i) a quorum to be present requiring at least fifty (50) percent of the number of members assigned to the BCC provided, however, that in each case at least four (4) eligible Sectors are represented and (ii) a majority vote of the members of the BCC voting on the decision.

FRCC shall conduct all compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with Attachment 2, Hearing Procedures, to the NERC Compliance Monitoring and Enforcement Program, subject to the following deviations, if any: None.

3.0 OTHER DECISION-MAKING BODIES

The FRCC has engaged the SERC Reliability Corporation (SERC) to oversee the compliance monitoring and enforcement responsibility as related to FRCC's compliance with Reliability Standard requirements that are applicable to the functions for which FRCC is a Registered Entity.

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

FRCC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standard Development
- Compliance Monitoring and Enforcement
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)
- Event Analysis and Reliability Improvement
- Training and Education
- Situation Awareness
- Infrastructure Security

2. Preparation of Annual Business Plan and Budget

(a) NERC and FRCC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of [Regional Entity's] business plan and budget. The annual schedule for the preparation of business plans and budgets shall require FRCC (i) to submit to NERC draft(s) of FRCC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been approved by FRCC Board of Trustees to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of FRCC's business plan and budget to the Commission 130 days in advance of the beginning of each fiscal year. The FRCC business plan and budget submission shall include supporting materials, including FRCC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, and the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. FRCC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve FRCC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct FRCC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit FRCC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

3. Allocation of Costs

Assessments to fund the costs of FRCC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. FRCC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying [Regional Entity's] assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of [Regional Entity's] assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

4. Collection of Funding

(a) NERC shall submit invoices to the load-serving entities or designees identified by FRCC covering the NERC and FRCC assessments approved for collection.

(b) NERC shall pursue any non-payments of assessment amounts and shall request assistance from ERO Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, FRCC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, FRCC is not responsible and does not assume any liability for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts. NERC shall add the amount of any non-payments by end-users or designees within FRCC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within FRCC's region.

(c) Upon approval by ERO Governmental Authorities of FRCC's annual assessment to fund the costs of its delegated functions and related activities, NERC shall pay FRCC's annual assessment to Regional Entity in four equal quarterly payments on January 15, April 15, July 15 and October 15 of the budget year.

5. Application of Penalties

Except as otherwise approved by the Commission, all penalty monies received by FRCC, other than penalty monies received from an operational function or division or affiliated entity of FRCC, shall be applied as a general offset to FRCC's budget requirements for U.S.-related activities under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received from an operational function or division or affiliated entity of FRCC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

6. Budget and Funding for FRCC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), FRCC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"):

Non-Statutory Activities

The Member Services division of the FRCC provides, coordinates or administers a variety of services relating to the reliable planning and operation of the bulk power system in the FRCC Region. These services are carried out by the FRCC Planning Committee (PC) and the FRCC Operating Committee (OC), and its various subcommittees, task forces and working groups.

Planning Committee (PC)

The PC promotes the reliability of the bulk power system in the FRCC Region, and assesses and encourages generation and transmission adequacy. The PC, through the FRCC Regional Transmission Planning Process, provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The activities of the PC include the activities of the following Member Services working groups: the Stability Working Group, the Transmission Working Group, the Resources Working Group, the ATC Working Group and the Fuel Reliability Working Group. The activities of these working groups pertain to the facilitated and coordinated effort for the running of engineering studies and communications in a cost effective, open and transparent manner for the members to complete common tasks to ensure future bulk power reliability. This includes any transmission planning that allows transmission owners to meet FERC's Order 890 requirement for wide area planning and implementation of data and reporting to the Florida Public Service Commission on resource adequacy and transmission reliability.

Operating Committee (OC)

The OC is responsible for the coordination, planning, operation and maintenance of reliable bulk power supply in the FRCC. Its primary reliability goals are the continuous improvement of the situational awareness of the operators interconnected within the FRCC, and ensuring that adequate physical, operational and cyber security objectives are in place for the Region's shared communications network. The OC ensures reliable operations are maintained through the development and implementation of the Reliability Process for the FRCC Bulk Electric System, formerly the FRCC Security Process.

Operating Reliability Subcommittee (ORS)

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides

formal oversight and implementation of the Reliability Process for the FRCC Bulk Electric System, formerly the FRCC Security Process, which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agents responsible for performing the Reliability Coordinator and Operations Planning Coordinator functions.

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other entities identified by the FRCC ORS, and for developing methodologies to facilitate the exchange of real-time, modeling, and other operational data to help assure reliable electric power system operations. Within the FRCC, all entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives all substation topology information, line flows, voltage levels, unit parameters, etc. from the operating entities on a real-time basis. Data is available to all.

FRCC Telecommunications Subcommittee (TS)

The TS provides formal oversight over the TS budget which is included in the OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities within the FRCC. The TS administers the FRCC hotline program, Satellite phone program, RDL program and also ensures that reliable and redundant communications are maintained with NERCNet, from a Regional communications perspective. All TS programs are in support of the RC function and are therefore non-statutory, with the exception of the FRCC satellite phone program which is a tool used by the Regional Entity to perform situational awareness and thus is budgeted as statutory.

Non Statutory Situation Awareness and Infrastructure Security Program

This program maintains and enhances the situational awareness of the operators of the interconnected system by supporting the tools necessary to efficiently communicate Electricity Sector Information Sharing and Analysis Center information within and outside of the FRCC Region. The program also ensures that the FRCC entity shared communications networks, include the appropriate physical, operational, and cyber security protections in order to function reliably.

FRCC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions:

(i) Separation of funding sources for statutory activities and non-statutory activities. The FRCC maintains a separate bank account for Statutory receivable collection. The statutory billing is done at the beginning of each quarter and an invoice is rendered to NERC only for the statutory receivable. NERC wires monies due directly into the Statutory bank account. All non-statutory receivables are deposited into a separate bank account. Member Services invoices are rendered to each member quarterly and deposited into this separate account.

(ii) Separation of costs of statutory activities and non-statutory activities. FRCC has adopted the NERC Chart of Accounts for Expenses and the NERC Rules of Procedure Categories as well as Member Services Functional Categories and utilizes these in order to correctly code each invoice received for all goods and services as well as for staff to specify where their time is spent each day for their time accounting reports. These methods are used to ensure that no statutory funds are used to pay for non-statutory expenses and that no non-statutory funds are used to pay for statutory expenses.

Each employee and officer (with the exception of the President and CEO) turns in a time sheet with their time accounted for between statutory and non-statutory functions that they personally spent their time on. Within statutory and non-statutory they further break down their time by the function areas. Each employee and officer fills out their time sheet daily and turns them in every two weeks to the Controller. The employees use the department codes to split their time according to what they did that day. These times are totaled by the Controller and Full-Time Equivalents (FTE's) for each function are calculated.

Accounting personnel route to the responsible department head all invoices pertaining to their job responsibility. The department head assigns the functional category, signs the invoices and returns it to accounting for payment processing. The accounting staff evaluates and assigns the appropriate General Ledger account number based on the Chart of Accounts and enters both the account number and the department number on the accounts payable system. Expenses such as Facilities Rent, stationary, utilities and other items of a general nature are split to each of the functions based on FTE's, on a monthly basis. Only expenses that cannot be determined to be specifically for a particular function are split on an allocated basis. Any expenses received that are for a particular function within a particular area are charged directly to that area and are not split.

All expenses are reviewed by a Department Head, an Accounting Assistant and the Controller for accuracy of coding and assignment to particular functions whether that be for Statutory or Non-statutory.

FRCC shall provide its budget for such non-statutory activities to NERC at the same time that FRCC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. FRCC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of FRCC's non-statutory activities and a description of the funding sources for the non-statutory activities. FRCC agrees that no costs (which shall include a reasonable allocation of FRCC's general and administrative costs) of non-statutory activities are to be included in the calculation of FRCC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if FRCC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, FRCC shall submit

to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in FRCC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct FRCC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit FRCC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to FRCC with reasonable notice, NERC shall have access to and may review all financial records of FRCC, including records used to prepare FRCC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by FRCC pursuant to Section 9(h) and (i) of the Agreement. FRCC shall provide supporting documentation for the quarterly and annual financial statements as reasonably requested by NERC.

ATTACHMENT 3

AMENDED DELEGATION AGREEMENT

BETWEEN

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

AND

FLORIDA RELIABILITY COORDINATING COUNCIL

REDLINED VERSION

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND FLORIDA RELIABILITY COORDINATING COUNCIL**

AMENDED AND RESTATED DELEGATION AGREEMENT (“Agreement”) made as of January 1, 2011, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and Florida Reliability Coordinating Council (“FRCC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries identified on **Exhibit A** to this Agreement, and for other purposes. NERC and FRCC may be individually referred to herein as “Party” or collectively as “Parties.”

WITNESSETH

WHEREAS, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824n) (hereafter “the Act”), which, among other things, provides for the establishment of an electric reliability organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

WHEREAS, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

WHEREAS, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

WHEREAS, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

WHEREAS, the Act and Section 39.8 of the ERO Regulations provide for the delegation by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as FRCC provided that:

(A) The Regional Entity is governed by —

- (i) an independent board;
- (ii) a balanced stakeholder board; or
- (iii) a combination independent and balanced stakeholder board.

(B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and

(C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

WHEREAS, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk power system reliability and should be approved”;

WHEREAS, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

WHEREAS, FRCC is not organized on an Interconnection-wide basis and therefore is not entitled to the rebuttable presumptions accorded such an entity;

WHEREAS, NERC will work through FRCC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

WHEREAS, NERC has concluded that FRCC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

WHEREAS, NERC and FRCC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NERC and FRCC agree as follows:

1. Definitions. The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to FRCC to propose and enforce Reliability Standards pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

2. Representations.

(a) For purposes of its Delegated Authority, FRCC hereby represents and warrants to NERC that:

(i) FRCC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. FRCC is governed in accordance with its bylaws by [a balanced stakeholder board. Pursuant to these bylaws, no two industry sectors can control any FRCC decision and no single industry sector can veto any FRCC decision. The relevant portions of such bylaws are attached hereto in **Exhibit B**¹, and as so attached are in full force and effect. No other such corporate governance documents are binding upon FRCC.

(ii) As set forth in **Exhibit C** hereto², FRCC has developed a standards development procedure, which provides the process that FRCC may use to develop Regional Reliability Standards that are proposed to NERC for adoption.

(iii) As set forth in **Exhibit D** hereto, FRCC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards within FRCC's geographic boundaries as shown on **Exhibit A**.

(b) NERC hereby represents and warrants to FRCC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder; and

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

¹ The **Exhibit B** from FRCC shall meet the requirements contained in **Exhibit B** to this Agreement.

² The **Exhibit C** from FRCC shall meet the requirements contained in **Exhibit C** to this Agreement.

3. Covenants.

(a) During the term of this Agreement, FRCC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC's approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of FRCC under this Agreement without first obtaining the consent of FRCC, which consent shall not be unreasonably withheld or delayed.

(c) During the term of this Agreement, NERC and FRCC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

4. Delegation of Authority.

(a) Based upon the representations, warranties and covenants of FRCC in Sections 2 and 3 above, the corporate governance documents set forth in **Exhibit B**, the standards development process set forth in **Exhibit C**, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to FRCC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth on **Exhibit A**, *provided*, that FRCC shall not monitor and enforce compliance with Reliability Standards for FRCC or an affiliated entity with respect to reliability functions for which FRCC or an affiliate is a Registered Entity. Any exclusions from this delegation of authority to FRCC within, or additions to this delegation of authority to FRCC beyond, the geographic boundaries set forth on **Exhibit A** are stated on **Exhibit A**.

(b) In circumstances where FRCC or an affiliated entity is a Registered Entity, FRCC shall enter into an agreement with another Regional Entity or NERC for the other

Regional Entity or NERC to monitor and enforce FRCC's or affiliate's compliance with Reliability Standards. Such agreements are subject to NERC and Commission approval.

(c) Nothing in this Agreement shall prohibit FRCC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(d) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region identified on **Exhibit A** that is within the United States. Any delegation of authority by ERO Governmental Authorities in Canada or Mexico shall be governed by a separate agreement and is outside the scope of this Agreement; provided, however, that both FRCC and NERC shall endeavor to ensure that this Agreement and such separate agreements are compatible.

(e) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, FRCC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

5. Development and Proposal of Reliability Standards.

- (a) In connection with its Delegated Authority, FRCC shall be entitled to:
- (i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords FRCC reasonable notice and opportunity to be heard; and
 - (ii) develop Regional Reliability Standards through FRCC's process as set forth in **Exhibit C**. Proposals approved through FRCC's process shall be reviewed by the NERC Board after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the

rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. FRCC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

6. Enforcement of Compliance with Reliability Standards.

(a) In connection with its delegated authority pursuant to this Agreement, FRCC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries set forth, or as otherwise specified, in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and FRCC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the Commission, and the ERO Regulations, including, *inter alia*, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the ERO Regulations and the requirements for due process. FRCC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, FRCC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c)

of this Agreement, and with any guidance and directions issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) FRCC shall report promptly to NERC any Possible Violation, Alleged Violation, or Confirmed Violation of a Reliability Standard, and its eventual disposition by FRCC. Such report shall include the owner's, operator's, or user's name, which Reliability Standard or Reliability Standards were the subject of the Possible Violation, Alleged Violation, or Confirmed Violation, when the Possible Violation, Alleged Violation, or Confirmed Violation occurred, other pertinent facts including circumstances surrounding the Possible Violation, Alleged Violation, or Confirmed Violation with any known risk to the Bulk-Power System, when the Possible Violation, Alleged Violation, or Confirmed Violation was or will be mitigated, the name of a person knowledgeable about the Possible Violation, Alleged Violation, or Confirmed Violation to serve as a point of contact with the Commission, and any other information required by NERC compliance program procedures. NERC shall promptly forward such report to the Commission. NERC and FRCC shall cooperate in filing such periodic summary reports as the Commission shall from time to time direct on Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards and summary analyses of such Possible Violations, Alleged Violations, and Confirmed Violations.

(c) Each Possible Violation, Alleged Violation, or Confirmed Violation shall be treated as nonpublic unless the matter is filed with the Commission as a Notice of Penalty, or, if disclosure is required, dismissed. The disposition of each Possible Violation, Alleged Violation, or Confirmed Violation that relates to a Cybersecurity Incident or that would jeopardize the security of the Bulk-Power System if publicly disclosed shall remain nonpublic unless the Commission directs otherwise.

(d) All dispositions by FRCC of Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards shall be reported to NERC for review and, in the case of Confirmed Violations, penalties or sanctions, and settlements, for approval. Following approval of a disposition by NERC, NERC shall file the disposition with the Commission, if required by, and in accordance with, Section 215(e) of the Act and Section 39.7 of the ERO Regulations. NERC shall review FRCC's dispositions based on the following criteria:

(i) whether the disposition is supported by a sufficient record compiled by FRCC in accordance with the NERC Rules of Procedure, NERC directives and

Commission requirements, taking into account the nature of the Possible Violation, Alleged Violation, or Confirmed Violation,

(ii) whether the disposition is consistent with any applicable directives issued pursuant to Section 8(c) of this Agreement, any applicable directions or guidance issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, or other applicable NERC guidance, concerning the Reliability Standards to which the Possible Violation, Alleged Violation, or Confirmed Violation relates,

(iii) if the disposition is a Confirmed Violation or settlement, whether it provides for a penalty or sanction, or a determination of no penalty or sanction, determined in accordance with the NERC Sanction Guidelines, Appendix 4B to the NERC Rules of Procedure, and

(iv) whether the disposition is reasonably consistent with other dispositions by FRCC and by other Regional Entities of Possible Violations, Alleged Violations, and Confirmed Violations involving the same or similar facts and circumstances.

NERC may reject any disposition, with an explanation of why NERC believes the disposition does not meet the above criteria. FRCC may submit a disposition requiring NERC approval that has been rejected by NERC, or a revised disposition following a rejection, directly to the NERC Board Compliance Committee for approval without revising the disposition to address all the grounds on which NERC originally rejected the disposition. The final approval of FRCC's disposition of a Possible Violation, Alleged Violation, or Confirmed Violation shall be made by the NERC Board Compliance Committee, provided, that the NERC Board or NERC Board Compliance Committee may, by appropriate resolution, delegate authority for final approval of dispositions of specified categories of Possible Violations, Alleged Violations, or Confirmed Violations to the NERC President.

(e) All appeals of penalties imposed by FRCC as a result of a decision by FRCC's Hearing Body shall be filed with, heard by and disposed of by, NERC in accordance with the NERC Rules of Procedure.

(f) FRCC shall maintain the capability to conduct investigations of Possible Violations and Alleged Violations of Reliability Standards and to conduct such investigations in a confidential manner.

(g) FRCC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.

(h) As part of its compliance monitoring and enforcement program, FRCC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. A Regional Entity may have stakeholders lead or participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

(i) As often as NERC deems necessary, but no less than every five years, NERC shall review FRCC's compliance monitoring and enforcement program to determine that: (i) the program meets all applicable legal requirements; (ii) actual practices reflect the requirements; and (iii) the program administered pursuant to the Delegated Authority promotes consistent interpretations across North America of Reliability Standards and comparable levels of sanctions and penalties for violations of Reliability Standards constituting comparable levels of threat to reliability of the Bulk-Power System.

7. Delegation-Related Activities.

NERC will engage FRCC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed on **Exhibit E**. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (f), each of which shall be considered a statutory activity:

(a) Certification of Bulk-Power System Entities. The NERC Board shall set criteria for certification in accordance with the NERC Rules of Procedure. FRCC shall issue certifications in accordance with the NERC Rules of Procedure.

(b) Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.

(i) The NERC Board shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by FRCC and other Regional Entities. FRCC shall provide timely and accurate information relating to registrations to NERC, on at least a monthly basis, to enable NERC to maintain a registration database that is accurate and up-to-date.

(iii) The NERC Board Compliance Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board Compliance Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

(c) Reliability Assessment and Performance Analysis. FRCC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure. FRCC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and NERC directives. NERC shall develop data-gathering quality control procedures, forms and reporting mechanisms, which shall be used by FRCC and other Regional Entities in carrying out their responsibilities under this subsection (c).

(d) Event Analysis and Reliability Improvement. FRCC shall conduct event analysis pursuant to the NERC Rules of Procedure and applicable governmental regulations. NERC and FRCC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, FRCC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) **Training and Education.** FRCC may provide training and education to Registered Entities, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training and education programs to Registered Entities on topics relating to NERC's responsibilities as the ERO.

(f) **Situation Awareness and Infrastructure Security.**

(i) FRCC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure and applicable governmental regulations, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System

(ii) FRCC shall collaborate with NERC in its efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America.

8. Oversight of Performance of Delegated Functions and Related Activities.

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of FRCC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and FRCC that matters relating to NERC's oversight of FRCC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and FRCC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with FRCC and other Regional Entities, performance goals, measures and other parameters (including, without limiting the scope of such goals, measures and parameters, financial performance goals, measures and parameters), and performance reports, which shall be used to measure NERC's and FRCC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. FRCC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate FRCC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters and performance reports to evaluate FRCC's performance of its delegated functions and related activities and to provide advice and direction to FRCC on performance improvements. The performance goals, measures and other parameters and the values of such goals, measures and parameters, shall be reviewed by NERC, FRCC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, FRCC shall be required to develop, submit for NERC approval, and implement action plans to address areas of its performance that are reasonably determined by NERC, based on analysis of FRCC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring FRCC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to FRCC of the need and basis for an action plan or other remedial action and provide an opportunity for FRCC to submit a written response contesting NERC's evaluation of FRCC's performance and the need for an action plan. FRCC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board review and reconsider the request. NERC and FRCC shall work collaboratively as needed in the development and implementation of FRCC's action plan. A final action plan submitted by FRCC to NERC shall be made public unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to FRCC standardized training and education programs, which shall be designed taking into account input from FRCC and other Regional Entities, for FRCC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to FRCC concerning the manner in which FRCC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered "directives." NERC shall initiate the development of a directive through a collaborative process with FRCC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and FRCC and, if applicable, other Regional Entities are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President; *provided*, that before the NERC President issues a directive pursuant to this paragraph (ii), FRCC and, if applicable, other Regional Entities, shall be given a reasonable opportunity to present their positions on, and a suggested alternative version or versions of, the proposed directive to the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, FRCC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by FRCC, the NERC Board (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without FRCC's agreement, *provided*, that FRCC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and FRCC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided*, that is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which FRCC, and, if applicable, other Regional Entities, shall perform delegated functions and related activities. The Board or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the Board or Board committee makes a written determination stating a

specific reason for maintaining particular guidance or directions as non-public. FRCC, either individually or in conjunction with other Regional Entities, may request that the NERC Board or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with FRCC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) Any audits of FRCC performed by NERC shall be limited to an examination of FRCC's compliance with this Agreement, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c)

(g) The Commission and Commission staff shall have full access to action plans and remedial actions, directives, and directions and guidance issued pursuant to subsections (a)(iii), (c)(iv) and (d), respectively, that are maintained as non-public.

9. Funding. FRCC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities described in Sections 5, 6 and 7 and listed on **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) FRCC shall develop, through a collaborative process with NERC, and propose, an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. FRCC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, FRCC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E**. FRCC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) FRCC and NERC agree that the portion of FRCC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic

boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula as is proposed by FRCC and approved by NERC and the Commission. If FRCC proposes to use a formula other than Net Energy for Load beginning in the following year, FRCC shall submit the proposed formula to NERC in sufficient time that NERC may review and approve the proposed formula and file it with the Commission by May 15 for approval, and the proposed formula shall be effective for the following year if approved by the Commission on or before the date the Commission approves the annual business plan and budget submitted by NERC and FRCC to the Commission pursuant to the ERO Regulations for such year.

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equitability requirement.

(d) NERC shall provide FRCC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) FRCC shall submit its proposed annual business plan and budget for carrying out its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed on Exhibit E, as well as for all other activities of FRCC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund FRCC's performance of its Delegated Authority and related activities in accordance with FRCC's Commission-approved business plan and budget, in the amount of FRCC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting FRCC's approved assessments from end users and other entities and payment of the approved assessment amount to FRCC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon FRCC that has not

been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without FRCC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and FRCC fiscal year budget with the actual results at the NERC and Regional Entity levels. FRCC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) FRCC shall submit unaudited quarterly interim financial statements in form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) FRCC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC no later than May 1 of the following year.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which FRCC shall offset penalty monies it receives (other than penalty monies received from an operational function or division or affiliated entity of FRCC) against its next year's annual budget for carrying out functions under this Agreement, and the mechanism by which FRCC shall transmit to NERC any penalty monies received from an operational function or division or affiliated entity of FRCC. *Provided*, that, subject to approval by NERC and the Commission, FRCC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

10. Assignment. This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. FRCC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit FRCC from contracting with other entities to assist it in carrying

out its Delegated Authority, provided FRCC retains control and responsibility for such Delegated Authority.

11. Default and Cure. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the “Default Notice”). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the nonbreaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.

12. Term and Termination.

(a) This Agreement shall become effective on January 1, 2011 (the “Effective Date”).

(b) The term of the Agreement shall be five (5) years from the Effective Date, prior to which time NERC shall conduct an audit pursuant to subsection 6(i) to ensure that FRCC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If FRCC meets such requirements, this Agreement may be renewed for another five (5) year term. This Agreement may be renewed for successive additional five (5) year renewal terms provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to subsection 6(i) to ensure that FRCC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation.

Provided, that either Party may terminate this Agreement as of the end of a term by giving written notice to terminate at least one (1) year prior to the end of the term. If this Agreement is not renewed or becomes subject to termination for any reason, the Parties shall work to provide for a transition of FRCC's Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement. The termination of this Agreement shall not take effect until such transition has been effected, unless the transition period exceeds one year, at which time FRCC may unilaterally terminate.

(c) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed by FRCC and NERC.

(d) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 13), No Third Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

13. Limitation of Liability. FRCC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and FRCC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the

performance of the FRCC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that the FRCC or NERC is found liable for gross negligence or intentional misconduct, in which case FRCC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

14. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party.

15. Confidentiality. During the course of the Parties' performance under this Agreement, a Party may receive Confidential Information, as defined in Section 1500 of NERC's Rules of Procedure. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel, in which event the recipient hereby agrees to provide the Party that provided the Confidential Information with prompt notice of such request or requirement in order to enable such issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In addition, each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein. This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement.

16. Amendment. Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

17. Amendments to the NERC Rules of Procedure. NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of FRCC under this Agreement without first obtaining the consent of FRCC, which consent shall not be unreasonably withheld or delayed. To the extent FRCC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of FRCC under this Agreement, FRCC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by FRCC to NERC and the Commission, or at such other time as may be mutually agreed by FRCC and NERC.

18. Dispute Resolution. In the event a dispute arises under this Agreement between NERC and FRCC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to FRCC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. FRCC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

(a) The Party invoking Dispute Resolution shall send a notice to the other Party describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative

for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, *provided*, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), *provided*, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. *Provided, however*, that: (i) it is the intent of the Parties that unresolved disputes shall be

presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

19. Notice. Whether expressly so stated or not, all notices, demands, requests, and other communications required or permitted by or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand or reputable overnight courier:

If to NERC:

North American Electric
Reliability Corporation
116-390 Village Blvd.
Princeton, NJ 08540-5721
Attn: General Counsel
Facsimile: (609) 452-9550

If to FRCC:

Florida Reliability Coordinating
Council, Inc.
1408 N Westshore Blvd
Tampa, FL 33607
Attn: Sarah Rogers
Facsimile: (813) 289- 5646

20. Governing Law. When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of New Jersey without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in New Jersey. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in New Jersey for the purpose of hearing and determining any action not heard and determined by the Commission.

21. **Headings.** The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.
22. **Savings Clause.** Nothing in this Agreement shall be construed to preempt or limit any authority that FRCC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.
23. **Entire Agreement.** This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.
24. **Execution of Counterparts.** This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

NOW THEREFORE, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

NORTH AMERICAN
ELECTRIC RELIABILITY CORPORATION

FLORIDA RELIABILITY
COORDINATING COUNCIL, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

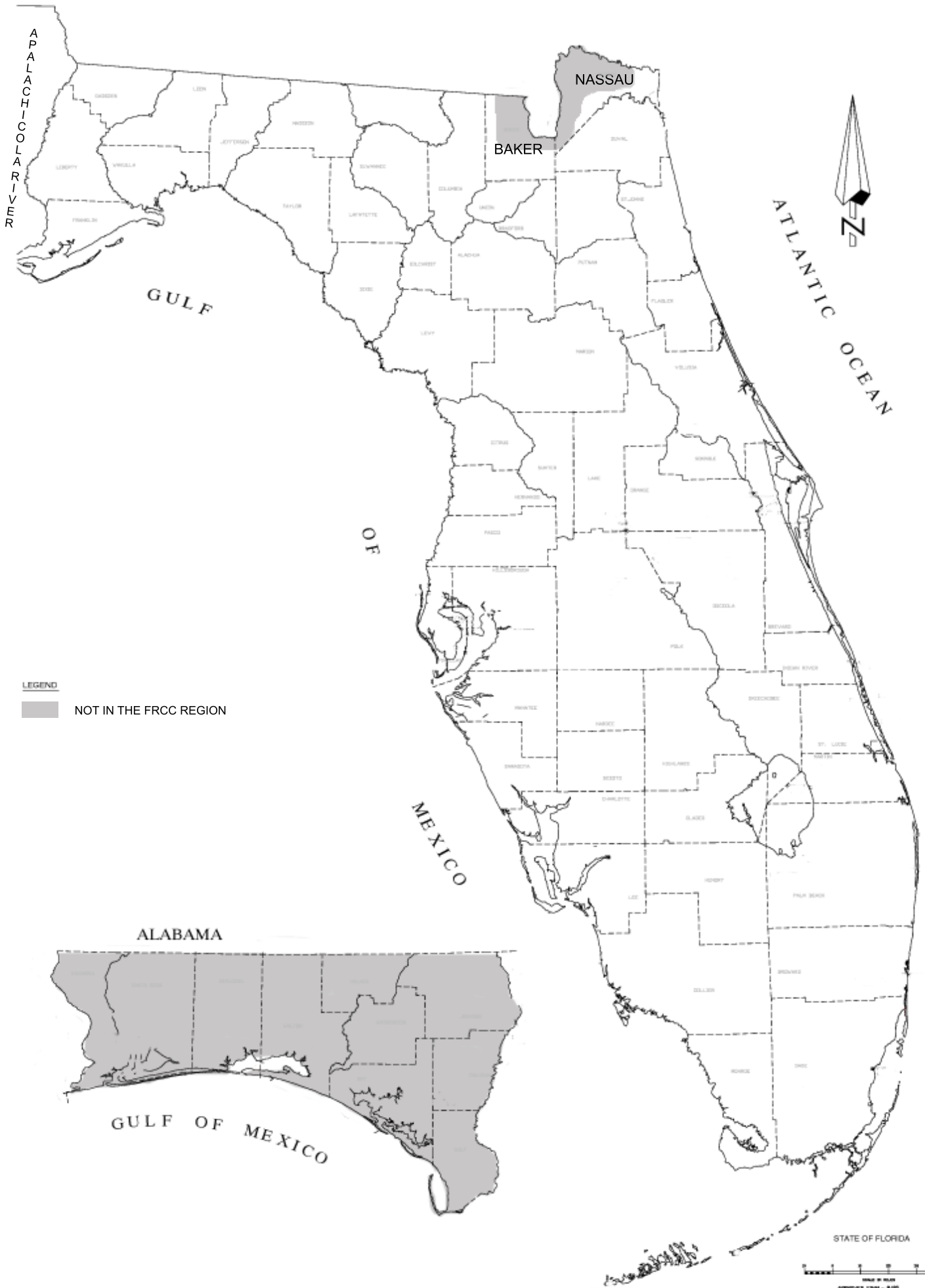
Exhibit A — FRCC Boundaries

The FRCC physical boundaries are entirely within the State of Florida. The area of the State of Florida that is within the FRCC Region is peninsular Florida east of the Apalachicola River with the exception of a small section of Baker and Nassau counties in northeast Florida. Areas west of the Apalachicola River in Florida are within the SERC Region. The entire FRCC Region is within the Eastern Interconnection. The entire FRCC Region is under the direction of the FRCC Reliability Coordinator.

The FRCC Region interconnects with the SERC Region via 10 transmission lines. The 10 lines consist of two 500 kV, four 230 kV and four 115 kV lines. These lines are referred to as the “Florida / Southern Interface”.

The areas of Baker and Nassau counties that are not part of the FRCC Region are part of the SERC Region. These sections are part of the Okefenokee Rural Electric Membership Corporation (OREMC) that is headquartered in Nahunta, GA or facilities owned by Georgia Transmission Corporation (GTC) that is headquartered in Tucker Georgia. Roughly two thirds of OREMC load is in Georgia and one third is in Florida. The majority of the OREMC load in Florida is connected directly to the Southern Company Balancing Area in the SERC Region. Part of OREMC load is connected to both the Southern Company Balancing Area and FPL Balancing Area by a Georgia Transmission Corporation 115kV transmission line and Macedonia Switching Station in Baker County. A small portion of the OREMC load, about five (5) MW to twenty five (25) MW, is supplied as a radial feed from FPL West Nassau Substation. Georgia Transmission Corporation has secured firm transmission service from JEA and/or FPL on the Florida / Southern Interface to supply this load. The OREMC schedules energy on an hourly basis to cover this load. SERC will be responsible for registration and compliance monitoring of the Georgia Transmission Corporation facilities in Baker County, Florida and of OREMC.

Within the FRCC Region, compliance monitoring and enforcement functions with respect to reliability functions for which the FRCC is a registered entity are performed by SERC Reliability Corporation (SERC) pursuant to a contract between FRCC and SERC dated as of July 12, 2010.



LEGEND

■ NOT IN THE FRCC REGION

STATE OF FLORIDA

0 10 20 30 40 50

Scale in miles
 APPROXIMATE SCALE - 1:500,000
 Note the geographic position of all information shown on this map & networks.

Exhibit B – Governance

Exhibit B shall set forth the Regional Entity’s bylaws, which NERC agrees demonstrate that the Regional Entity meets the following criteria:

CRITERION 1: The Regional Entity shall be governed by an independent board, a balanced stakeholder board, or a combination independent and balanced stakeholder board. (Federal Power Act § 215(e)(4)(A), 18 C.F.R. § 39.8(c)(1), Order No. 672 at ¶ 727.)

CRITERION 2: The Regional Entity has established rules that assure its independence of the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors. Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

CRITERION 3: If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

CRITERION 4: The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

CRITERION 5: The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

**EXHIBIT B
TO PRO FORMA DELEGATION AGREEMENT**

**BYLAWS
Florida Reliability Coordinating Council, Inc.**

Amended ~~December 15, 2010~~ December 15, 2011

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HISTORY OF REVISIONS

**BYLAWS OF
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.**

ARTICLE I

Membership

Section 1.1 Eligibility.

(a) Membership in the Florida Reliability Coordinating Council, Inc. (“FRCC”) is open to any entity, without cost, that: (i) has a material interest in the reliability of the bulk power system in the FRCC region; (ii) satisfies the criteria for membership specified in this Section 1.1; (iii) qualifies for eligibility in one or more of the Sectors identified in Section 1.2; (iv) submits a written request for membership; and (v) agrees to comply with and be bound by these FRCC Bylaws (“Bylaws”) and other rules and regulations adopted by the FRCC Board of Directors, by execution of the appropriate form of Member Agreement set forth in Appendix A to these Bylaws (“Member Agreement”). Any person or entity that meets the foregoing requirements shall become a “Member” of FRCC.

(b) FRCC shall engage in two categories of activities:

(i) FRCC shall engage in the “Regional Entity Activities” specified in Section 1 of Exhibit E of the Delegation Agreement between FRCC and the North American Electric Reliability Corporation (“NERC”) dated May 2, 2007, as amended from time to time with the agreement of NERC and the approval of the Federal Energy Regulatory Commission (“Delegation Agreement”). Under the Delegation Agreement, FRCC is the Regional Entity, as defined in Sec. 215 of the Federal Power Act, with delegated authority to propose and enforce Reliability Standards for the bulk power system in the FRCC Region. The FRCC Region is defined as the geographic area of Florida east of the Apalachicola River.

(ii) FRCC shall engage in certain “Member Services Activities,” under which it provides, coordinates or administers a variety of services relating to the planning and operation of the bulk power system in the FRCC Region for or on behalf of entities meeting the criteria in Section 1.1(c)(ii) and participating in the funding of such services as specified in these Bylaws. The “Member Services” are specified in the business plan and budget approved by the Board of Directors in accordance with these Bylaws for submission to NERC under the Delegation Agreement, and as approved by NERC and the Federal Energy Regulatory Commission (“Business Plan and Budget”). Member Services are funded as specified in Section 6.2 of these Bylaws.

(c) FRCC shall have two types of Members:

(i) All Members of FRCC shall be “Regional Entity Members.” Regional Entity Members shall be eligible to participate in the Regional Entity Activities of FRCC. Such participation shall be in accordance with these Bylaws, the Member Agreement, and the Delegation Agreement, as from time to time adopted or amended and approved, and such other requirements as govern FRCC as a Regional Entity.

(ii) All Members that participate in the generation, marketing, transmission or purchase for resale of electric energy, ancillary services or capacity on, from or to the bulk power system in the FRCC Region may choose to be “Services Members,” and may participate in FRCC Member Services Activities as specified in these Bylaws. Subject to the requirements of Section 1.2, only Members that are Services Members shall be eligible to participate in decisions governing the Member Services of FRCC, or the voting rights and funding obligations of Services Members.

Section 1.2 Voting Member. A Voting Member is a Member that is not an Affiliate Member or an Adjunct Member. All Voting Members shall be eligible to vote on questions governing Regional Entity Activities. Only Voting Members that are Services Members shall be eligible to vote on questions governing Member Services or Member Services Activities. For purposes of the following Sector classifications, “Load Serving Entity,” whether standing alone or as part of another specified term, shall mean an entity that provides electric service to persons or entities other than the Load Serving Entity itself that purchase such service for their own use and not for resale. Voting Members shall be classified into one of the following Sectors, based on the primary nature of its activities in the FRCC Region relevant to Regional Entity Activities:

(a) **Suppliers Sector** - any entity engaged in wholesale power marketing transactions in the FRCC Region; or a generating entity that is included in the NERC Compliance Registry as a generation owner or generation operator for a facility in the FRCC Region, or that owns or is developing generation greater than 20 MW located within the FRCC Region and meets any of the following: (1) an entity with FERC-approved market-based rate authority, or (2) an exempt wholesale generator, or (3) a facility selling any output pursuant to a power purchase agreement (including fuel conversion arrangements), or (4) a FERC approved Qualifying Facility.

(b) **Non-Investor Owned Utility Wholesale Sector** - generation and transmission cooperatives and municipal joint action agencies that sell electricity to non-investor owned Load Serving Entities with native load in the FRCC Region.

(c) **Load Serving Entity Sector** - any Load Serving Entity that is not investor owned and that generates less than 25% of its energy requirements for retail sales or has an annual Full Requirements Energy for Load (FREL) of 1800 GWH or less in the FRCC Region.

(d) **Generating Load Serving Entity Sector** - any Load Serving Entity that is not investor owned and that generates at least 25% of its energy requirements for retail sales, and that has an annual Full Requirements Energy for Load (FREL) greater than 1800 GWH in the FRCC Region.

(e) **Investor Owned Utility Sector** - investor owned utilities generating and serving retail native load greater than 15,000 GWH in the FRCC Region.

(f) **General Sector** - persons or entities that take delivery of energy within the FRCC Region that is not purchased for resale; agents or associations representing groups of such entities that are commercial or industrial entities; agents or advocate groups representing small customers; and other persons or entities owning assets or engaging in commercial activities in the FRCC Region.

Section 1.3 Affiliate Member. An Affiliate Member is defined as an entity that (i) otherwise qualifies as a Voting Member pursuant to Section 1.1 and 1.2 and (ii) is an Affiliate of a Voting Member. For purposes of these Bylaws, being an “Affiliate” shall mean that (1) a Voting Member controls, is controlled by or is under common control with, such Affiliate Member, and (2) for any exempt wholesale generator, as defined the Public Utility Holding Company Act of 2005, as amended, the meaning provided in Section 214 of the Federal Power Act. Affiliate Members shall have no right to vote on any matter, nor any right to be elected or appointed to the Board. Except as to funding, Affiliate Members shall be bound by the same obligations as Voting Members and Adjunct Members of FRCC. Questions as to whether an entity is an Affiliate of a Voting Member shall be resolved by the Board.

Section 1.4 Adjunct Member. A person or entity may be approved as an Adjunct Member by the Board if such entity has a material interest in the reliability of the bulk power system in the FRCC region but does not meet the definitions and requirements to join as a Voting Member or Affiliate Member. Adjunct Members shall have no right to vote on any matter, nor any right to be elected or appointed to the Board. Except as to funding, Adjunct Members shall be bound by the same obligations as Voting Members and Affiliate Members of FRCC.

Section 1.5 New Members. The Board shall review and act upon membership applications. Prior to membership, the Board shall certify that an applicant complies with the eligibility requirements.

Section 1.6 Membership Commitment. Each Member of the FRCC shall be required to execute, in counterpart, a Member Agreement, as applicable, in the form shown in Appendix A to these Bylaws.

Section 1.7 Obligations.

(a) Each Member of the FRCC shall promote, support and comply with the purposes and policies of the FRCC as set forth in its Certificate of Incorporation and Bylaws, and the other documents governing the activities of FRCC identified in the Bylaws.

(b) Each Member of the FRCC shall appoint a representative as provided herein to receive notices from the FRCC and shall give to the FRCC Chief Executive Officer (“CEO”) in writing (signed by a duly authorized representative of the Member) the name, business address and electronic address of the person thus appointed. An appointed representative of a Member who is unable to attend a meeting may designate, in writing, an alternate to act on behalf of the Member.

Section 1.8 Participation.

(a) For purposes of these Bylaws, an entity and all of its Affiliates shall be considered one "Entity." No Entity shall simultaneously hold more than one Voting Member status or have more than one voting representative on a Standing Committee, or more than one seat on the Board.

(b) An Entity may join FRCC in any Sector in which it qualifies for Membership, provided that an Entity may join as a Voting Member in only one Sector. In the event that an Entity qualifies for more than one Sector, such Entity may join such other Sectors as an Affiliate Member upon payment of any applicable Affiliate Member Annual Fees in accordance with Article VI Section 6.2(b)(ii) for each Sector in which such Entity desires to participate as an Affiliate Member. Once an Entity has elected to be a Voting Member of one Sector, the Entity must continue to vote in that Sector for a minimum of one (1) year. If, at any point, it is determined that an Entity no longer meets the qualifications for the Sector it selected, the Entity may not vote in that Sector; however, that Entity may then immediately elect to become a Voting Member in any Sector for which it does qualify. Questions as to whether an Entity meets the qualifications of a Sector shall be resolved by the Board.

(c) Subject to the requirements of these Bylaws and the Articles of Incorporation, each Voting Member in good standing is entitled to vote on each matter submitted to a vote of the Voting Members. A Member in good standing is one that (i) meets all qualifications for membership as provided in these Bylaws, (ii) is not in arrears for payment of any applicable annual fees for membership or payment of any other fees owed to FRCC unless such payment is being disputed in good faith, and (iii) has not been found by a court to be in breach of any contract with FRCC. Voting Members that are not in good standing are not entitled to vote on any matter until they have regained good standing.

ARTICLE II

Meetings of Voting Members

Section 2.1 Annual Meeting of Voting Members. Voting Members shall meet at least annually on a date and at a place to be established by the Board ("Annual Meeting"). The Voting Members from each Sector shall elect, by majority vote, each Voting Member having one (1) vote, Directors and, if desired, Alternate Directors to the Board who will represent their Sector. The Voting Members shall conduct such other business as may be properly brought before them. Meetings may be held by telephone conferencing, video conferencing or by other means enabling all participants in the meeting to communicate with each other. The Annual Meeting shall be open to Affiliate Members and Adjunct Members, and such other invitees as the Board may deem appropriate, provided that the Services Members, along with Affiliate and Adjunct Members that have paid the fees specified in Section 6.2(b)(ii) or (iii), may meet separately to consider matters relating to Member Services.

Section 2.2 Special Meetings. Special meetings of the Voting Members, for any purpose or purposes, unless otherwise prescribed by the laws of the State of Florida, or by the Articles of Incorporation, may be called by the Chair of the Board. Special meetings of the Regional Entity Members shall be called upon request of six (6) or more Voting Members representing three (3) or more Sectors. Special meetings of the Services Members shall be called upon request of six (6) or more Voting Members that are Services Members representing three (3) or more Sectors. Notice of a special meeting stating the place, date, hour and agenda for the special meeting shall be given to the Voting Members not less than three (3) business days before the meeting. Such request for a special meeting shall state the purpose or purposes of the proposed special meeting, which shall be included as part of an agenda to be distributed to the Voting Members not less than three (3) business days before the meeting. Meetings may be held by telephone conferencing, video conferencing or by other means enabling all participants in the meeting to communicate with each other.

Section 2.3 Place of Meeting. All meetings shall be held at or near the principal office of the FRCC in Tampa, Florida, or at such other place within or outside the State of Florida as shall be determined from time to time by the Board.

Section 2.4 Notice of Meetings.

(a) Notice of the Annual Meeting or any regular or special meeting of the Voting Members shall be sent by mail or electronic means to each Member's representative at the business or electronic address specified in accordance with Section 1.7(b) at least ten (10) business days before the date of the meeting. The notice shall set forth a proposed agenda for the meeting, but any matter may be considered and acted upon at any meeting, whether or not the matter was listed in the proposed agenda, if addition of the item to the agenda is approved at the meeting by the vote of the eligible Voting Members whose votes equal sixty percent (60%) or more of the total weighted Sector vote of the eligible Voting Members; provided, however, that at least three (3) Sectors are represented in the affirmative. Meetings may be held at any time without notice if all of the eligible Voting Members are present, or if those not present waive notice in writing either before or after the meeting.

(b) The record date for determining Members entitled to notice shall be one month prior to the meeting date.

Section 2.5 Quorum. Representation at any meeting of the Regional Entity Members of more than 50% of the Voting Members, or representation at any meeting of the Services Members of more than 50% of the Voting Members that are Services Members, shall constitute a quorum for the transaction of business at such meeting; provided, however, that in each case at least four (4) eligible Sectors are represented.

Section 2.6 Voting. Voting by Voting Members shall be by the six (6) Sectors as defined in Section 1.2, except as otherwise provided herein. Each Voting Member within a Sector has one non-divisible vote. Each Sector shall have a "Sector Vote" in proportion to the voting rights specified in Section 3.2(e), which is to be split into an affirmative and a negative component, in the proportion that each component bears to the total votes of the Voting

Members within that Sector. Action by the Voting Members shall require affirmative Sector Votes greater than 6.50.

Section 2.7 Action without Meeting. Any action that may be taken at a meeting of the Regional Entity Members or the Services Members may be taken without a meeting if consent in writing, setting forth the action so to be taken, shall be signed by all Voting Members eligible to vote in such meeting before the action is taken.

Section 2.8 Remote Attendance. Any Member otherwise eligible may participate in any meeting by telephone, videoconference communications equipment, or other means enabling all persons participating in the meeting to communicate with each other. A Member participating in a meeting by such means shall be deemed present in person at such meeting.

Section 2.9 Termination of Members.

(a) A Member may be terminated for non-payment of fees or monies due FRCC as provided in Section 6.3, or for a significant violation of obligations as set forth in Section 1.7. The Board may, by resolution, establish a fair and reasonable procedure to terminate a Member.

(b) A Member whose membership has been terminated shall be liable to FRCC for fees and any other monies due FRCC as a result of obligations incurred or commitments made prior to termination.

Section 2.10 Withdrawal. Any other provision of these Bylaws notwithstanding, any Member may withdraw from participation in the activities of FRCC at any time upon written notice to the CEO, whereupon it shall cease to be a Member and shall cease to be entitled or obligated to participate in the activities of the Board, Standing Committees, or any subcommittees, and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30) days after such Member's receipt of its statement of fees and expenses for a fiscal year, the Member shall be obligated to pay its fees and other monies due to FRCC for the full fiscal year within which such termination is effective.

Section 2.11 Reinstatement. A former Member shall be required to apply for Membership as set forth in Section 1.1. The Board may reinstate Membership on any reasonable terms that the Board deems appropriate.

Section 2.12 Property Ownership and Control. Subject to applicable laws, rules, regulations, agreements, and FRCC protocols, each Member shall retain sole control of its own facilities and the use thereof, and nothing in these Bylaws shall require a Member to construct or dedicate facilities for the benefit of any other electric system or allow its facilities to be used by any other Member or to construct or provide any facilities for its own use, and nothing herein shall be deemed to impair the ability or right of any Member to take such actions or to fail to act, as it deems necessary or desirable, with respect to the management, extension, construction, maintenance and operation of its own facilities, present and future. A Member has no interest in the property of FRCC and waives the right to require a partition of any FRCC property.

ARTICLE III

Board of Directors

Section 3.1 Powers. The affairs of FRCC shall be managed by the Board of Directors (“Board”). The Board may exercise all such powers of the FRCC and do all such lawful acts and things as are not prohibited by the laws of the State of Florida, by the Federal Power Act, by the Articles of Incorporation or by these Bylaws.

Section 3.2 Number, Election, Tenure and Governance.

(a) Number. The Board shall include ~~(16)~~ **number of Directors shall be not less than sixteen (16), not including those additional Directors that may be elected pursuant to the third sentence of Section 3.2(b)(1).** Directors **shall be** allocated among the Sectors as follows, and such other Directors as provided in by Section 3.2(b)(4):

- (1) Suppliers Sector- three (3) Directors
- (2) Non-Investor Owned Utility Wholesale Sector - two (2) Directors
- (3) Load Serving Entity Sector-
 - Municipal - one (1) Director
 - Cooperative - one (1) Director
- (4) Generating Load Serving Entity Sector - three (3) Directors
- (5) Investor Owned Utility Sector - Three (3) Directors
- (6) General Sector - Two (2) Directors
- (7) The CEO of FRCC - an ex-officio non-voting Director.

(b) Election.

(1) Directors, with the exception of the CEO, shall be elected as described herein. **Directors allocated to a particular Sector shall be elected by the Voting Members of such Sector, by majority vote. In addition, within each Sector, Voting Members from that Sector may, by majority vote, elect additional Directors, subject to a maximum of five (5) Directors representing such Sector. Finally, the Voting Members in a Sector may elect, by majority vote, an Alternate Director for each Director. Each Alternate Director shall be designated as an alternate for a particular elected Director of that Sector. To be eligible, an Alternate Director shall either be a direct report to the Director for which that person is the designated Alternate Director, or a senior officer or manager of the Voting Member represented by the Alternate Director. Notwithstanding the foregoing, under no**

circumstance shall the total votes of the Directors or their Alternate Directors for a Sector exceed the total votes of the Directors of such Sector specified in Section 3.2(e).

(2) Within each Sector, only Voting Members from a given Sector may elect Directors or Alternate Directors for that Sector.

(3) Within the Load Serving Entity Sector, Director(s) representing 0.5 votes shall all be from a municipal and Director(s) representing 0.5 votes shall be from a cooperative. ~~(4) Within each Sector, Voting Members from a given Sector may, by majority vote, elect additional Directors subject to a maximum of five (5) Directors representing such Sector. The total votes of the Directors for such Sector shall not exceed the total votes of the Directors of such Sector specified in Section 3.2(a).~~

(c) Alternate Director. ~~Any Director unable to attend a meeting may designate, in writing, an alternate to act on behalf of the Director.~~ Each Alternate Director shall be vested with all the powers and duties of the Director for which he or she serves as an alternate in the event that such Director or the Voting Member represented by such Director notifies FRCC in writing (by letter, email or facsimile) in advance that the Director is unable to attend a particular Board meeting or Board committee meeting. Unless otherwise specified, references in these Bylaws to the powers, duties or responsibilities of Directors shall include any Alternate Director acting in place of a Director. If the related Director is present at a Board meeting or Board committee meeting, the Alternate Director may attend such meeting, but shall not have any vote, nor have any authority to speak on any issue, absent recognition by the chair of the meeting.

(d) Term. The term for all Directors and Alternate Directors shall be two (2) years. Any Director or Alternate Director may be reelected for consecutive terms, without limitation. Directors and Alternate Directors within a Sector shall have staggered terms as determined by the Sector.

(e) Voting Rights.

(1) Except as provided for in subsections (2) and (3) below, each Sector shall have the number of votes as specified below:

- Suppliers Sector 2.5 Votes
- Non-Investor Owned Utility Wholesale Sector 2.0 Votes
- Load Serving Entity Sector
 - Municipal 0.5 Votes
 - Cooperative 0.5 Votes
- Generating Load Serving Entity Sector 3.0 Votes
- Investor Owned Utility Sector 3.5 Votes
- General Sector 1.0 Vote

Total 13.0 Votes

- (2) Each Director, as defined in Section 3.2(a) and 3.2 (b), shall have an equal proportional vote of that Sector's total voting strength. This provision shall apply separately to the municipal and cooperative Directors of the Load Serving Entity Sector.
- (3) If the majority of the Voting Members of a Sector are Services Members, Directors elected by that Sector shall be deemed "Services Member Directors." Only Services Member Directors shall be eligible to vote on questions governing Member Services or Member Services Activities. Deliberations on such matters may be limited to Services Member Directors, Voting Members that are Services Members, and Affiliate and Adjunct Members that have paid the fees specified in Section 6.2(b)(ii) or (iii), upon the vote of the Services Member Directors.
- (4) The CEO of FRCC shall not have a vote.

(f) Limitations. Each ~~person~~**Director** or ~~alternate~~**Alternate Director** serving on the Board shall be a representative of a Voting Member. Unless otherwise provided in these Bylaws, if a representative of a Voting Member is elected to serve on the Board, such person shall only be eligible to serve in such capacity so long as such person remains the representative of said Voting Member. A Voting Member shall not have more than one (1) officer, employee or agent serving as a Director, **but each Director may have an Alternate Director.**

Section 3.3 Meetings. Regular meetings of the Board shall be held at such times and places, within or outside the State of Florida, as may be determined by the Board. Special meetings of the Board may be called by the Chair. Special meetings shall be called upon request of six (6) or more Directors. Regular or Special Meetings may be held by telephone conferencing, video conferencing or by other means enabling all participants in the meeting to communicate with each other. Except as specified in Section 3.2(e)(3), the meetings of the Board shall be open to all Members, and such other invitees as the Board may deem appropriate. The Board may meet in closed session to discuss matters of a confidential nature, including but not limited to personnel matters, litigation, or commercially sensitive information of any person or entity.

Section 3.4 Notice of Meetings. Notice of any regular or special meeting of the Board shall be sent by mail or electronic means to each Director, and to each Member, at such Director's and Member's usual place of business at least (ten) 10 business days, in the case of a regular meeting, or (five) 5 business days, in the case of a special meeting, before the date of the meeting. Such notice shall also be sent to the observers of the Board specified in Section 8.1. The notice shall set forth a proposed agenda for the meeting. Subject to the requirements of Section 3.2(e)(3), no agenda item may be added to the agenda at any meeting of the Board which requires action by the Board unless all Directors are present and all agree to allow such an item to be put to a vote. Meetings may be held at any time without notice if all of the Directors of the Board **(or the Alternate Directors for absent Directors)** are present, or if those not present waive notice in writing either before or after the meeting.

Section 3.5 Quorum. The presence at a meeting of the Directors or Alternate Directors whose votes equal sixty percent (60%) or more of the total voting strength of the Board, or in the case of matters governed by Section 3.2(e)(3), votes equal to sixty percent (60%) or more of the total voting strength of the Directors or Alternate Directors eligible to vote, shall constitute a quorum for any action of the Board, provided, however, that in each case at least one Director or Alternate Director from at least four (4) Sectors ~~are~~ is present. If at any meeting a quorum shall fail to attend, a majority of those Directors or Alternate Directors present at the meeting may adjourn that meeting without further notice until a quorum shall attend. Once a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 3.6 Voting. Action by the Board shall require approval of sixty percent (60%) or more of the total eligible voting strength of the Board.

Section 3.7 Remote Attendance. Directors or Alternate Directors shall be deemed present and voting at a meeting of the Board if participating in the meeting by means of a conference telephone, video conferencing, or other means enabling all persons participating in the meeting to communicate with each other.

Section 3.8 Action without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if consent in writing, setting forth the action so to be taken, shall be signed before the action by all of the Directors (not the Alternate Directors) eligible to participate in such action.

Section 3.9 Vacancies and Removal. A Director or Alternate Director may be removed with cause at any time by an affirmative vote of 60% of the Voting Members of the Sector that elected that Director or Alternate Director. In addition, the Board may remove a Director or Alternate Director for cause, upon at least seventy-five percent (75%) affirmative votes of the remaining total voting strength of the Board. The right to elect Directors or Alternate Directors may not be assigned, sold, pledged or transferred in any manner. A vacancy may be filled only by the Voting Members of the Sector in which the vacancy occurs. Any Director or Alternate Director so chosen shall hold office until his or her successor is duly elected and qualified or until his or her earlier resignation, ineligibility or removal.

Section 3.10 Officers. At the Board of Directors meeting following the Annual Meeting of the Voting Members (or at any Regular or Special Meeting, with respect to election of a replacement officer pursuant to Section 3.12), the Board shall elect from the Directors (excluding for these purposes the Alternate Directors) a Chair, Vice Chair, and Secretary-Treasurer, who shall be the officers of the FRCC. No two officers of FRCC shall be officers, employees or agents of Voting Members of the same Sector or its Affiliates. The CEO of FRCC may not be elected to act as Chair, Vice-Chair or Secretary/Treasurer.

(a) Term of Office. Each officer of the Board of Directors (other than a replacement officer pursuant to Section 3.12, who shall be elected to complete the term of the officer he or she is replacing) shall hold office for two (2) fiscal years, and until his or her successor is duly elected and qualified.

(b) Removal of Officers. Any officer of the Board of Directors may be removed with or without cause at any time by the affirmative vote of seventy percent (70%) of the total voting strength of the Board.

(c) Compensation. There shall be no compensation paid to any officer of the Board of Directors of FRCC, provided that an officer serving on the staff of FRCC may be compensated for ~~their~~his or her services on the staff of FRCC.

Section 3.11 Responsibilities of Board of Director Officers

(a) Chair. The Chair shall serve as the Chair of the Board. The Chair shall preside at all meetings of the Members and Board, provided that, if the Chair is not eligible to vote in a meeting governed by Section 3.2(e)(3), the Directors or Alternate Directors that are eligible shall select one of ~~the~~their number to preside at such meeting. The Chair shall be responsible for the preparation of the agenda for all meetings of the Members and Board. The Chair shall be a member of and preside over a Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

(b) Vice Chair. The Vice Chair shall, in the absence or disability of the Chair, perform the duties and exercise the powers of the Chair, subject to the provisions of Section 3.11(a), and shall perform such other duties and have such other powers as the Board may from time to time prescribe. The Vice Chair shall be a member of a Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

(c) Secretary-Treasurer. The Secretary-Treasurer shall be responsible to assure that the FRCC staff has adequate procedures to distribute the agenda of the meetings of the Voting Members and the Board, keep the minutes of the proceedings of said meetings, and maintain the financial books and records of the FRCC, including disbursement of the funds of the FRCC in accordance with the authorized annual budget. The Secretary-Treasurer shall be a member of the Personnel and Compensation Committee, which shall have responsibilities for such matters relating to staff.

Section 3.12 Vacancy. Any vacancy in a Board of Director ~~Officer~~officer occurring for any reason shall be filled as specified in Section ~~3.9.~~ 3.10.

ARTICLE IV

Chief Executive Officer

Section 4.1 CEO. The Board shall hire the CEO who, under the Board's direction, shall carry on the general affairs of the FRCC. The CEO shall be a member of the staff of FRCC and shall be a non-voting Director. It shall be the CEO's duty to approve the expenditure of the monies appropriated by the Board in accordance with the Budget approved by the Board. The CEO shall make an annual report and periodic reports to the Board concerning the activities of FRCC. The CEO shall serve as President of FRCC. The CEO shall comply with all directives of

the Board. All agents and employees shall report, and be responsible, to the CEO. The CEO shall perform such other duties as may be determined from time to time by the Board.

ARTICLE V

Standing Committees

Section 5.1 Standing Committees. There shall be a Planning Committee, an Operating Committee, a Compliance Committee, and such other committees, subcommittees, and task forces as the Board may appoint, when deemed necessary to carry out the purposes of the FRCC. Unless otherwise specified by the Board, none of the Planning Committee, Operating Committee, Compliance Committee, or such other committees, subcommittees, and task forces shall be a committee of the Board, and no such committee shall have any authority to take action otherwise reserved to the Board by statute.

Section 5.2 Planning Committee. Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Planning Committee. A representative may, if unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Affiliate Members and Adjunct Members may appoint a non-voting representative to serve on the Planning Committee. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Planning Committee shall report directly to the Board and is charged with the responsibility of promoting the reliability of the bulk power system in the FRCC Region, and assessing and encouraging generation and transmission adequacy. The Planning Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.3 Operating Committee. Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Operating Committee. A representative may, if unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Affiliate Members and Adjunct Members may appoint a non-voting representative to serve on the Operating Committee. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Operating Committee shall report directly to the Board and is charged with responsibility for the coordination, operations planning, operation and maintenance of the bulk power system in the FRCC Region. The Operating Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.4 Compliance Committee. The FRCC Regional Entity compliance staff is responsible for the effective and efficient implementation of the NERC Compliance Monitoring and Enforcement Program to meet the guidance of NERC and FERC. The Compliance Committee is charged with the responsibility of promoting reliability of the bulk power system within the FRCC region through compliance related activities. Each Voting Member may appoint one (1) representative, empowered to vote on behalf of the Voting Member, to serve on the Compliance Committee. A representative may, if

unable to attend a meeting, designate, in writing, an alternate to act on behalf of the representative. Quorum and Voting Rights shall be as defined in Sections 5.7 and 5.8. The Compliance Committee shall report directly to the Board and is separate and distinct from the Board Compliance Committee which is primarily a “hearing body” and has a different voting structure as outlined in Exhibit D of the Delegation Agreement between the North American Electric Reliability Corporation and FRCC. The Compliance Committee may establish subcommittees and task forces as deemed necessary by its membership.

Section 5.5 Rules of Procedure. Each Standing Committee shall set its rules of procedure, provided that quorum, voting rights and voting shall be as specified in Sections 5.7 and 5.8. Such Rules of Procedure shall be as approved by the Board. All action by any Standing Committee shall be reported as prescribed herein and shall be subject to revision, alteration and approval by the Board.

Section 5.6 Quorum. Representation at any meeting of a Standing Committee of sixty percent (60%) or more of the total voting strength of the Standing Committee shall constitute a quorum for the transaction of business at such meeting; provided, however, that action on matters dealing with the scope or funding of Member Services shall require sixty percent (60%) or more of the total voting strength of members of the Standing Committee representing Voting Members that are Services Members; and provided further that a quorum shall require that at least three (3) Sectors are represented, all three of which shall be Sectors a majority of the members of which are Services Members in the case of a quorum for action on matters governing Member Services.

Section 5.7 Voting. Voting is by Sector. Each voting representative present at a meeting is assigned a vote equal to the voting strength of his or her Sector, as provided in this section, divided by the number of voting representatives present in that Sector, except that no voting representative present at a meeting shall have more than one (1) vote, except an Investor Owned Utility Sector voting representative who may have up to 1.167 votes. Action by a Standing Committee shall require an affirmative vote equal to or greater than sixty percent (60%) of the total eligible voting strength of the Standing Committee.

Sector Votes

(1) Suppliers Sector	2.5 Votes
(2) Non-Investor Owned Utility Wholesale Sector	2.0 Votes
(3) Load Serving Entity Sector	
Municipal	0.5 Vote
Cooperative	0.5 Vote
(4) Generating Load Serving Entity Sector	3.0 Votes
(5) Investor Owned Utility Sector	3.5 Votes
(6) General Sector	1.0 Vote
Total	13.0 Votes

Only representatives of Voting Members that are Services Members shall be eligible to

vote on questions governing Member Services.

Section 5.8 Meetings. Regular meetings of the Standing Committees shall be held at such times and places, within or outside the State of Florida, as may be determined by the Standing Committees. Special meetings of the Standing Committees may be called by the Chair or upon the request of representatives from three (3) different Sectors. Regular or Special Meetings may be held by telephone conferencing, video conferencing, or by other means enabling all participants in the meeting to communicate with each other. The meetings of the Standing Committees shall be open to all Members, and such other invitees as the Board may deem appropriate.

ARTICLE VI

General Provisions

Section 6.1 Budget. The Board shall annually adopt a budget for the FRCC for administrative expenses of the FRCC, including salaries, and for the costs associated with the various committees, subcommittees, professional services, projects and studies. The Board shall approve the scope and funding of Member Services, in accordance with the provisions of these Bylaws. The funding for Member Services special projects approved by the Board may be based on a special funding, with an equitable allocation of the costs for the special project as approved by the Board. The budget may be amended from time to time during the fiscal year as determined by the Board, subject to the filing and approval requirements applicable to FRCC as a Regional Entity under the Delegation Agreement.

Section 6.2 Funding.

(a) The funding of FRCC's Regional Entity Activities shall be in accordance with the provisions of Exhibit E and the section numbered eight (8) of the Delegation Agreement.

(b) The Member Services of FRCC shall be funded through an allocation of their costs to all Members that are Services Members in accordance with the provisions of subsections 6.2(b)(i) - (iii) below. The funding of all Member Services shall be kept separate from the funding of Regional Entity Activities as specified in the Business Plan and Budget.

(i) Services Members. The allocation for Voting Members that are Services Members shall be based on the following calculation; provided, however, that in no event shall the allocation be less than \$20,000 per annum.

$$\text{Services Member Allocation} = 0.25 (1/N) + 0.25 (B/C) + 0.25 (D/E) + 0.25 (F/G)$$

N Total number of voting Services Members
B Voting Services Member's previous-year Full Requirements Energy for Load (FREL) within the FRCC

- C Total of factor B for all voting Services Members
- D Voting Services Member's Net Summer Generating Capacity within the FRCC Region as of December 31 of the previous year, as defined in the FRCC Load and Resource Plan
- E Total of factor D for all voting Services Members
- F Sum of Circuit Miles of Transmission Facilities (69kV and above) of voting Services Members within the FRCC Region times the respective operating voltage as of December 31 of the previous year
- G Total of factor F for all voting Services Members

Full Requirements Energy for Load (FREL) The net electrical energy requirements of the Services Member's electric system, and the net electric energy requirements of all full requirements customers of the Services Member, except if a full requirements customer of a Services Member joins FRCC. In such case, the electrical energy requirements of such full requirements customer will only be counted for the funding calculation for that Services Member who is the full requirements customer, and not for the Services Member who is the supplier of the full requirements. There should be no double counting of FREL between Services Members.

Net Summer Generating Capacity The maximum summer rated capacity, modified for ambient limitations, that a generating unit can sustain over a specified period, less the capacity used to supply the demand of station service or auxiliary needs. For jointly owned units, the Net Capacity will be allocated based on the ownership share of each Services Member who is a joint owner, unless otherwise mutually agreed by the joint owner Services Members.

Circuit Miles of Transmission Facilities The distance (following the path of transmission facility) in miles between substations or switching stations times the number of circuits at the same voltage level. For jointly owned transmission facilities, the Circuit Miles of Transmission Facilities will be allocated based on the ownership share of each Services Member who is a joint owner, unless otherwise mutually agreed by the joint owner Services Members.

(ii) Affiliate Members. The fee for an Affiliate Member that wishes to participate in Member Services activities shall be \$5,000 per annum. The fee for an Affiliate Member, only participating in Regional Entity Activities, shall be waived.

(iii) Adjunct Members. The fees for an Adjunct Member that wishes to participate in Member Services activities shall be \$5,000 per annum. The fee for an Adjunct Member, only participating in Regional Entity Activities, shall be waived.

Section 6.3 Fees. The Member Services membership fee shall be due and payable concurrent with the submission of the written application for membership. The initial

membership fee will be prorated on an annual basis depending upon the quarter in which a Member joins. Thereafter, membership fees shall be due and payable on or before January 1st of each year or in installments as determined by the Board. The FRCC shall notify, in writing, any Member who is delinquent in the payment of any applicable membership fee. The notice shall provide a time certain, not to exceed thirty days (30) days from the date of the written notice, during which any such delinquency may be cured. Failure to cure a delinquency within the stated time will result in the loss of all membership rights and designations. In the event of an uncured lapse in the payment of a fee, membership in the FRCC shall be terminated.

Section 6.4 Staff. The FRCC shall employ a staff, including the CEO, to carry out the objectives of the organization. The CEO shall be a non-voting Director of the Board. The duties of the CEO are as defined in Article IV, Section 4.1.

Section 6.5 Expenses. The personal expenses of each Member, Director and Alternate Director participating in the activities of the FRCC and its committees and subcommittees shall be borne by the Member on whose behalf such person is acting, unless determined otherwise by the Board.

Section 6.6 Minimum Sector Membership. If the number of Voting Members of a Sector is not greater than one (1), such Sector shall not be entitled to a vote at the Voting Members meetings, Board of Directors meetings, or the Standing Committee meetings.

Section 6.7 Indemnification. The FRCC shall indemnify and hold harmless, to the maximum extent permitted by law, any Member, Director, Alternate Director, Member representative, agent, officer or employee of the FRCC and the heirs, estates, successors or assigns of any of them, from any and all claims or liabilities, including costs or attorneys' fees for defending against assertion of any such claim or liability, arising from any act or failure to act of such person for, on behalf of, or at the direction of the FRCC, unless such act or failure to act constituted a willful violation of state, federal or local law, willful misconduct, or gross negligence. With the approval of the Board, the FRCC may reimburse costs, attorneys fees, and other expenses for defending against assertions of any such claims or liabilities prior to the final disposition of any such proceeding. The foregoing rights to be indemnified, held harmless, or reimbursed shall not operate in derogation or prohibition of any other rights which the person indemnified, held harmless or reimbursed may have. The FRCC, by vote of the Board, shall purchase insurance against all or any part of the liabilities which may be incurred by the FRCC and may cause the FRCC to indemnify and hold harmless as and to the extent it may deem appropriate such other person or persons as it may deem appropriate.

Section 6.8 Fiscal Year. The fiscal year of the FRCC shall be the twelve (12) month period of January 1st through December 31st.

Section 6.9 ~~Section 6.9~~—Depositories. All funds of the FRCC shall be deposited in the name of the FRCC in such bank, banks or other financial institutions as the CEO shall from time to time designate and shall be drawn out on checks, drafts or other orders signed on behalf of the FRCC by such person or persons as the Board shall from time to time designate.

ARTICLE VII

Amendments

Section 7.1 Amendments. Subject to the provision that no amendment to these Bylaws may limit the rights of a Member to resign from Membership, subject to the provisions of Section 1.2, and subject to the requirements for approval by NERC and the Federal Energy Regulatory Commission applicable to the FRCC as a Regional Entity, these Bylaws may be amended, altered, or repealed through the following procedure:

(a) Any Voting Member—~~or~~, Director or Alternate Director may suggest amendments to these Bylaws. Such suggestions must include a proposed amendment, and any necessary supporting documents. They should be sent to the CEO of FRCC for placement on the agenda for a Board meeting in the time and manner prescribed by the Board.

(b) If the proposal is approved by the Board of Directors, the Board shall place the proposal on the agenda of either the next Annual Meeting of the Voting Members, or pursuant to Board discretion, at a Special Meeting of the Voting Members called for that purpose.

(c) Voting Members shall vote to enact the Board-approved amendment in accordance with Sections 2.5 and 2.6, and subject to the provisions of Section 1.2 of the Bylaws.

Section 7.2 Review of Governance. The Board shall appoint a task force to review these Bylaws, and to submit recommendations to the Board on necessary amendments, at the discretion of the Board or if any of the following events occurs. Such task force shall include representation from each Sector.

(a) The number of Voting Members in a Sector is not greater than one (1).

(b) A Regional Transmission Organization of any type is approved by the Federal Energy Regulatory Commission to operate in the FRCC Region.

(c) Any federal or state legislation or regulatory action that significantly alters the functions of the FRCC.

(d) Any new entity that has or is expected to have financial transactions in the wholesale electric market in the FRCC Region wishes to join the FRCC, and does not otherwise meet the membership requirements as then defined in these Bylaws.

ARTICLE VIII

Observers of the Board

Section 8.1 Observers of the Board. The Chairman of the Florida Public Service Commission, or designee, shall be invited to attend meetings of the Board. The Board shall invite other observers as the Board deems appropriate.

ARTICLE IX

Board Compliance Committee

Section 9.1 Board Compliance Committee.

(a) FRCC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be the FRCC Board Compliance Committee (BCC), a balanced compliance panel reporting directly to the FRCC's Board of Directors.

(b) The BCC will consist of one (1) representative of a Voting Member from each of the six (6) Sectors in the FRCC, who shall be a member of the Board of Directors. Each year, two (2) ~~members~~ Directors (including Alternate Directors) from each Sector ~~of the FRCC Board of Directors~~ will volunteer to serve in a BCC pool. At the time a hearing request is received, the Chair of the FRCC Board of Directors will appoint one member from each Sector to form the BCC for that hearing. The Board Member from the Registered Entity that has requested the hearing will not be selected for that BCC. In the event one (1) Sector of the FRCC declines to participate on the BCC, the Chair of the Board of Directors shall randomly select one (1) additional BCC member from the remaining five (5) Sectors to constitute the BCC. The Chair of the FRCC Board of Directors will appoint a Chair and Vice-Chair of the BCC. Terms of BCC members will be equivalent to the time it takes to complete the hearing for which they were selected. Members may be re-appointed to subsequent terms without any limits to the number of terms they serve.

(c) FRCC Industry Sectors are as follows:

- One (1) Member from the Investor Owned Utility Sector
- One (1) Member from the Suppliers Sector
- One (1) Member from the Non-Investor Owned Utility Wholesale Sector
- One(1) Member from the Load Serving Entity Sector
- One (1) Member from the Generating Load Serving Entity Sector

- One (1) Member from the General Sector

(d) Each member of the BCC shall be a full voting member. There will be no ~~alternates or proxies~~ for the BCC members. Decisions of the BCC shall require (i) a quorum to be present requiring at least fifty (50) percent of the number of members assigned to the BCC provided, however, that in each case at least four (4) eligible Sectors are represented and (ii) a majority vote of the members of the BCC voting on the decision.

ARTICLE X

Audit

Section 10.1 Audit. The Board shall engage a certified public accounting firm to audit the books and accounts of the FRCC for each fiscal year.

ARTICLE XI

Dispute Resolution Procedures

Section 11.1 Dispute Resolution. These procedures are established for the equitable, efficient and expeditious resolution of disputes. Except as stated in the next sentence, these procedures shall be used to resolve disputes between Members, between a Member and a consenting non-member, or between FRCC and any Member or consenting non-member (any of the foregoing being referred to hereinafter as a “party”), arising from an act or omission by FRCC, or from an act or omission by a party in its capacity as a FRCC member. These procedures do not apply to disputes that are covered by the dispute resolution provisions of the FRCC Compliance Monitoring and Enforcement Program (Exhibit D to the Delegation Agreement between FRCC and NERC) or other NERC dispute resolution provisions, and do not supersede, unless agreed to by the parties, any dispute resolution agreement between the parties applicable to the dispute, including, without limitation, dispute resolution procedures set forth in Members' Open Access Transmission Tariffs. These procedures supersede the dispute resolution provisions in the *FRCC Regional Transmission Planning Process*. Multiple parties with the same or substantially similar interests may be joined in the same proceeding. The parties are strongly encouraged take part in the complete process described in this Article XI prior to initiation of judicial proceedings or the utilization of other external dispute resolution processes, but the use of any of the steps of the process in this Article XI shall not be a required condition for the initiation of judicial or regulatory proceedings or the utilization of other external dispute resolution processes. FRCC shall be involved in the administration of a proceeding as provided in sections 11.4, 11.5 and 11.6 to coordinate with the parties to facilitate the resolution of the dispute, and to provide personnel, coordination, and meeting and other facilities as specified herein.

Section 11.2 Initiation. Any Member or FRCC (the “Invoking Party”) may initiate these dispute resolution procedures by making a request in writing to the President with a copy to all other parties to the dispute; provided, however, that if FRCC initiates the dispute, FRCC shall make a request in writing to the Chair, with a copy to the Vice Chair and all other parties. The copy of the dispute resolution request for each party shall be sent to and accepted by the Member representative appointed in accordance with Section 1.7 of these bylaws. The President will inform the Board of Directors of the initiation of any dispute resolution proceedings, and the docket number and title assigned to the dispute. The request must contain:

- (a) a statement of the issues in dispute;
- (b) the position of the party on each of the issues;
- (c) the relief sought by the party;
- (d) an explanation of the asserted right to such relief under an applicable tariff, contract or other legal standard or obligation;

(e) the dispute resolution step under Section 11.4 at which the party proposes to begin; and

(f) any proposed modifications or specific additions to the proceedings described in these Bylaws by which the dispute may be resolved.

Each person or entity identified as party to the dispute (a “Noticed Party”) shall submit a response to the request to the President, the Chair and Vice Chair, and each other party to the dispute (the “Dispute Response”). Each response shall set forth the position of the party on each of the points identified above. A party shall have 20 business days from its receipt of the request to submit its Dispute Response.

Section 11.3 Dispute Resolution Process. The dispute resolution process described herein shall be conducted and administered in accordance with these Bylaws and such other FRCC governing documents as may be relevant to the proceedings. These dispute resolution procedures outline a step-by-step process for the resolution of disputes. Parties are permitted to skip steps in the dispute resolution process described in Section 11.4 by mutual agreement, or as specified in the procedures for each step.

Section 11.4 Resolution Steps. The four steps in the dispute resolution process are:

(a) Step 1—Settlement Proceeding: (i) Step 1 is a proceeding in which the parties shall meet in a good faith effort to resolve the dispute by mutual agreement (“Settlement Proceeding”). FRCC shall provide administrative support, such as making available meeting space, as requested by the parties. The parties shall be represented at settlement discussions by a person with full authority to resolve the dispute. A final resolution may be subject to corporate or regulatory or other government approvals, the requirements for which shall be disclosed by any party subject to an approval prior to agreement on a final resolution.

(ii) In the event that the parties cannot resolve their dispute in ninety (90) days from the submission of the dispute resolution request, or such later date as may be agreed to by the parties, the dispute shall proceed to the next step in the dispute resolution process. At any time after thirty (30) days from the submission of the dispute resolution request the parties may mutually agree to end the process. Any statement relating to the dispute by any party during the course of or relating to the Settlement Proceeding may not be cited or offered into evidence for any purpose in any external proceeding by any party.

(b) Step 2—Mediation Proceeding: (i) Step 2 is a proceeding to assist the parties through active participation by a mediator in joint discussions and negotiations through which the parties attempt to resolve the dispute by mutual agreement (“Mediation Proceeding”). The Mediation Proceeding shall be conducted by an independent mediator selected and mutually agreed upon by the parties (“Mediator”). A Mediator shall have no affiliation with, financial or other interest in, or prior employment with any party or any of their parents, subsidiaries or affiliates, and shall have knowledge and experience relevant to the subject matter of the dispute. In the event that the parties cannot agree on a Mediator within 10 days following the termination of the Settlement Proceeding, the

President of FRCC shall select a Mediator; provided, however, that if FRCC is a party the Mediator shall be selected by the Chair, unless the Chair is an officer or employee of a party, in which case the selection shall be made by the Vice Chair. At the request of the Mediator, the parties shall be represented at a mediation session by a person with full authority to resolve the dispute. A final resolution may be subject to corporate or regulatory or other government approvals, the requirements for which shall be disclosed by any party subject to an approval prior to agreement on a final resolution.

(ii) The Mediator shall not issue specific recommendations on resolution of the dispute or otherwise opine on the merits of the dispute except at the request of the parties. A party may request the Mediator to offer his or her views on the merits or any other aspect of the dispute to that party individually on a confidential basis. Any recommendation, opinion or other statement expressed by the Mediator or any party relating to the dispute during the course of or relating to the Mediation Proceeding shall be offered solely for purposes of resolution of the Mediation Proceeding, and may not be cited or offered into evidence for any purpose in any external proceeding by any party.

(iii) In the event that the parties cannot resolve their dispute in ninety (90) days from the selection of the Mediator, or such later date as may be agreed to by the parties with the concurrence of the Mediator, the dispute shall then proceed to the next step in the dispute resolution process. At any time after sixty (60) days from selection of the Mediator, the parties may mutually agree to end the process, or a party may request the Mediator to determine and declare that the Mediation Proceeding is at an impasse. If the Mediator determines that the Mediation Proceeding is not likely to result in a resolution of the dispute, the Mediator shall declare the Mediation Proceeding at an impasse, and if so the dispute shall proceed to the next step in the dispute resolution process.

(c) Step 3—Arbitration Proceeding: (i) Step 3 is a non-binding arbitration in which an arbitrator or an arbitration panel shall receive evidence from each disputing party on factual matters, and hear arguments, relating to the issues in dispute, make written findings and conclusions of fact and law, and issue specific recommendations, based on those findings and conclusions, for resolution of each issue in dispute (“Arbitration Proceeding”). Initiation of an Arbitration Proceeding shall require the mutual agreement of the parties. The Arbitration Proceeding shall be conducted before a single arbitrator selected by the parties. Alternatively, the parties may agree to have the Arbitration Proceeding conducted by a panel of three arbitrators, with one designated by the Invoking Party or Parties, one designated by the Noticed Party or Parties, and a third selected by the two arbitrators designated by the parties. The parties may by mutual agreement engage a firm specializing in alternative dispute resolution to administer the Arbitration Proceeding, or may invoke the assistance of the Federal Energy Regulatory Commission’s Dispute Resolution Service. Arbitrators shall have no affiliation with, financial or other interest in, or prior employment with any party or any of their parents, subsidiaries or affiliates, and shall have knowledge and experience relevant to the subject matter of the dispute. The parties shall have 10 business days after conclusion of or agreement to skip the Mediation Proceeding to select a single arbitrator, or to agree on the use of an arbitration panel and to make their respective arbitrator designations and to so

notify the opposing party or parties, with the arbitrators so designated selecting the third arbitrator not later than five days after the last such designation. If the parties cannot agree on the selection of a single arbitrator, unless the parties agree otherwise the President of FRCC shall provide the parties with a list of not less than five candidates meeting the qualifications set forth above. The list shall summarize the qualifications of the candidates, by experience and education, to resolve the matters at issue. The parties shall convene a meeting or telephone conference call during which the parties shall alternate striking names from the list until a single name remains, the party with the first strike to be chosen by lot. If any person so selected is or becomes unwilling or unable to serve, the last person struck from the list shall be requested to serve. Subsequent procedures shall be determined by the arbitrator or arbitration panel, upon consideration of the recommendations of the parties, who shall seek to agree on a location for the arbitration and other procedures.

(ii) The arbitrator or arbitration panel shall issue findings of fact and law and recommendations for resolution of the dispute within ninety (90) days of appointment, unless a longer period shall be agreed to by the parties with the concurrence of the arbitrator or arbitration panel.

(d) Step 4—Board Proceeding: (i) Step 4 is a proceeding conducted by the FRCC Board (Board Proceeding) to hear formal evidence on factual matters related to the issues submitted, make written findings of fact and conclusions of law, and issue a recommended award or other resolution for each issue in dispute; provided, however, that if the parties have completed an Arbitration Proceeding as specified in Step 3, the Board shall accept the arbitrator's findings of fact except to the extent that a party demonstrates to the satisfaction of the Board that one or more findings of fact are erroneous. A party shall have 30 days from the completion of the Arbitration Proceeding to make a submission to the Board, with copies to all parties, contending that any of the findings of fact by the Arbitrator are erroneous, and any other party shall have 15 days from its receipt of the submission to respond to any such submission. Other procedures and schedules for the Board Proceeding shall be established by the FRCC Board.

(ii) The Board shall vote on the appropriate resolution of the dispute in accordance with the voting procedures described in these Bylaws. The Board shall publish the results of the vote and issue recommendations for resolution of the issues in dispute within ninety (90) days of initiation of the Board Proceeding, or such longer period as may be agreed to by the parties, with the concurrence of the Board.

(e) Further Proceedings. After 30 days from completion of the dispute resolution steps described above, to the extent that the parties have not agreed to resolution of any issue in dispute a party may seek resolution of the dispute through one of the following proceedings:

(i) By agreement of the parties, binding arbitration.

(ii) A regulatory proceeding before a state or federal regulatory agency having jurisdiction of all parties and the subject matter of the dispute.

(iii) A judicial proceeding before a court of competent jurisdiction.

Section 11.5 Administration. The following administrative procedures apply to the dispute resolution procedures described in Section Section 11.4(a)-(d):

At each step in the process, unless the parties otherwise agree the neutral person or persons conducting the dispute resolution process shall determine meeting arrangements and formats necessary to efficiently expedite the resolution of the dispute, and shall notify the parties of these details. The parties shall seek to agree on such matters, but if after endeavoring in good faith they are unable to agree, or if they request it, the neutral authority for the proceeding shall make decisions regarding such details. The President shall assign a member of the FRCC staff to assist those responsible for conducting the dispute resolution with the administration of the process. If the parties resolve their dispute in a proceeding prior to the Board Proceeding, the person or persons responsible for conducting the dispute resolution process shall notify the President and the Chair of its outcome. After consultation with the parties and the individuals responsible for conducting the dispute resolution process to confirm the completion of the process described in that step, the President, with the concurrence of the Chair if the FRCC initiated the dispute, shall discharge the persons responsible for conducting the dispute resolution process, and notify the Board of the results.

Section 11.6 Expenses. The parties to the dispute shall share equally all costs for meeting locations, administrative costs, and travel and related expenses of FRCC staff members, Mediators or arbitrators administering or conducting the dispute resolution process. The parties to the dispute shall also share equally all charges for time and expenses of a Mediator, an arbitrator or an arbitration panel. The FRCC Controller shall, with the assistance of the FRCC staff members assigned to assist in the administration of the proceedings, account for these expenses. Each party to the dispute shall be responsible for its own costs and fees, including attorney fees, associated with participation in any of the proceedings described herein.

ARTICLE XIIARTICLE XI

Miscellaneous Provisions

Section 12.1 Section 11.1 Headings. The headings used in these Bylaws are for convenience and may not be considered in construing these Bylaws.

Section 12.2 Section 11.2 Number and Gender. All singular words include the plural, and all plural words include the singular. All pronouns of one gender include reference to the other gender.

Section 12.3 Section 11.3 Parties Bound. These Bylaws will bind and inure to the benefit of any Members, Director, Member representative, agent, officer, or employee of the

FRCC and their respective administrators, legal representatives, successors, and assigns except as these Bylaws otherwise provide.

Section 12.4 ~~Section 11.4~~ Minority Positions. Any Voting Member or Standing Committee Representative who has a minority opinion on any significant issue may present the minority opinion to the Board in a manner as prescribed by the Board.

Amended: February 6, 2009

APPENDIX A

Voting Member Agreement - _____ Division

_____, hereby agrees to comply with and be bound by, and to

(Voting Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Voting Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

APPENDIX A

Affiliate Member Agreement – Division

_____, hereby agrees to comply with and be bound by, and to

(Affiliate Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Affiliate Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

APPENDIX A

Adjunct Member Agreement – Division

_____, hereby agrees to comply with and be bound by, and to

(Adjunct Member)

promote and support, the Florida Reliability Coordinating Council Articles of Incorporation and Bylaws, and all acts, decisions or obligations of the Florida Reliability Coordinating Council applicable to Adjunct Member taken or entered into in accordance with the foregoing documents.

(Name)

DATE: _____

WITNESS:

HISTORY OF REVISIONS

January, 1998

Amended December 19, 2001

Amended March 2, 2006

Amended September 25, 2007

Amended June 27, 2008

Amended February 6, 2009

Amended February 10, 2010

Amended May 5, 2010

Amended July 26, 2011

Amended October 25, 2011

Amended December 15, 2011

Exhibit C – Regional Standard Development Procedure

Exhibit C shall set forth the Regional Entity’s standards development procedure, which NERC agrees meets the following common attributes:

COMMON ATTRIBUTE 1

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA [add reference to any applicable authorities in Canada and Mexico]. No regional reliability standard shall be effective within the [Regional Entity Name] area unless filed by NERC with FERC [and applicable authorities in Canada and Mexico] and approved by FERC [and applicable authorities in Canada and Mexico].

COMMON ATTRIBUTE 2

[Regional Entity Name] regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A [Regional Entity Name] reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

COMMON ATTRIBUTE 3

[Regional Entity Name] regional reliability standards, when approved by FERC [add applicable authorities in Canada], shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the [Regional Entity Name] area, regardless of membership in the region.

COMMON ATTRIBUTE 4

Requester — The requester is the sponsor of the regional reliability standard request and may assist in the development of the standard. Any member of [Regional Entity Name], or group within [Regional Entity Name] shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the reliability of the bulk power system in the [Regional Entity Name] area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

COMMON ATTRIBUTE 5

[Standards or other named] committee — The [Regional Entity Name] [standards] committee manages the standards development process. The [standards] committee will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The [standards] committee will advise the [Regional Entity Name] board on standards presented for adoption.

COMMON ATTRIBUTE 6

[Alternative 6A: For a Regional Entity that chooses to vote using a balanced stakeholder committee.]

The [standards] committee is a balanced stakeholder committee, inclusive of all stakeholder interests that provide for or are materially impacted by the reliability of the bulk power system. [The [standards] committee votes to approve standards.] See Appendix A for the representation model of the [standards] committee.

[Alternative 6B: For a Regional Entity that chooses to vote using a balanced ballot body of stakeholders.]

[Registered ballot body] — The registered ballot body comprises all entities or individuals that qualify for one of the stakeholder segments; are registered with [Regional Entity Name] as potential ballot participants in the voting on standards; and are current with any designated fees. Each member of the registered ballot body is eligible to vote on standards. [Each standard action has its own ballot pool formed of interested members of the registered ballot body. Each ballot pool comprises those members of the registered ballot body that respond to a pre-ballot survey for that particular standard action indicating their desire to participate in such a ballot pool.] The representation model of the registered ballot body is provided in Appendix A.]

COMMON ATTRIBUTE 7

[Regional Entity Name] will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 1, notice of comment posting period identified in step 4, and notice for vote identified in step 5 below are concurrently posted on both the [Regional Entity Name] and NERC websites.

COMMON ATTRIBUTE 8

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

COMMON ATTRIBUTE 9

Within [no greater than 60] days of receipt of a completed standard request, the [standards] committee shall determine the disposition of the standard request.

COMMON ATTRIBUTE 10

The [standards] committee may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The [standards] committee may, at its discretion, expand or narrow the scope of the standard request under consideration. The [standards] committee shall prioritize the development of standard in relation to other proposed standards, as may be required based on the volume of requests and resources.
- Reject the standard request. If the [standards] committee rejects a standard request, a written explanation for rejection will be delivered to the requester within [no greater than 30] days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the [standards] committee. The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the [standards] committee.

COMMON ATTRIBUTE 11

Any standard request that is accepted by the [standards] committee for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the [Regional Entity Name] website within [no greater than 30] days of acceptance by the committee.

COMMON ATTRIBUTE 12

The standards process manager shall submit the proposed members of the drafting team to the [standards] committee. The [standards] committee shall approve the drafting team membership within 60 days of accepting a standard request for development, modifying the recommendations of the standards process manager as the committee deems appropriate, and assign development of the proposed standard to the drafting team.

COMMON ATTRIBUTE 13

At the direction from the [standards] committee, the standards process manager shall facilitate the posting of the draft standard on the [Regional Entity Name] website, along with a draft implementation plan and supporting documents, for a no less than a [30]-day comment period. The standards process manager shall provide notice to [Regional Entity Name] stakeholders and other potentially interested entities, both within and outside of the [Regional Entity Name] area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

COMMON ATTRIBUTE 14

The drafting team shall prepare a summary of the comments received and the changes made to the proposed standard as a result of these comments. The drafting team shall summarize comments that were rejected by the drafting team and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the [Regional Entity Name] website no later than the next posting of the proposed standard.

COMMON ATTRIBUTE 15

Upon recommendation of the drafting team, and if the [standards] committee concurs that all of the requirements for development of the standard have been met, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

COMMON ATTRIBUTE 16

The standards process manager shall schedule a vote by the [Regional Entity Name] [registered ballot body/[standards] committee]. The vote shall commence no sooner than [15] days and no later than [30] days following the issuance of the notice for the vote.

COMMON ATTRIBUTE 17

[Alternative 17A: For an RE that chooses to vote using a balanced stakeholder committee.]

The [standards] committee shall give due consideration to the work of the drafting team, as well as the comments of stakeholders and minority objections, in approving a proposed regional reliability standard for submittal to the [Regional Entity Name] board. The [standards]

committee may vote to approve or not approve the standard. Alternatively, the [standards] committee may remand the standard to the drafting team for further work or form a new drafting team for that purpose.

[Alternative 17B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

The [Regional Entity Name] registered ballot body shall be able to vote on the proposed standard during a period of [not less than 10] days.

COMMON ATTRIBUTE 18

[Alternative 18A: For an RE that chooses to vote using a balanced stakeholder committee.]

The [standards] committee may not itself modify the standard without issuing a new notice to stakeholders regarding a vote of the modified standard.

[Alternative 18B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

All members of [Regional Entity Name] are eligible to participate in voting on proposed new standards, standard revisions or standard deletions. [Alternatively: Each standard action requires formation of a ballot pool of interested members of the registered ballot body.]

COMMON ATTRIBUTE 19

[Alternative 19A: For an RE that chooses to vote using a balanced stakeholder committee.]

Actions by the committee shall be recorded in the regular minutes of the committee.

[Alternative 19B: For an RE that chooses to vote using a balanced ballot body of stakeholders.]

Approval of the proposed regional reliability standard shall require a [two thirds] majority in the affirmative (affirmative votes divided by the sum of affirmative and negative votes). Abstentions and non-responses shall not count toward the results, except that abstentions may be used in the determination of a quorum. A quorum shall mean [XX%] of the members of the [registered ballot body/ballot pool] submitted a ballot.

COMMON ATTRIBUTE 20

Under no circumstances may the board substantively modify the proposed regional reliability standard.

COMMON ATTRIBUTE 21

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC [and applicable authorities in Canada and Mexico.]

COMMON ATTRIBUTE 22

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the [Regional Entity Name] bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in [Regional Entity Name], and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the [Regional Entity Name] members and others.

COMMON ATTRIBUTE 23

- **Balanced** - The [Regional Entity Name] standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

COMMON ATTRIBUTE 24

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the [Regional Entity Name] area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

COMMON ATTRIBUTE 25

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of interested stakeholders.

COMMON ATTRIBUTE 26

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity's Web site.

COMMON ATTRIBUTE 27

- Does not unnecessarily delay development of the proposed reliability standard.

COMMON ATTRIBUTE 28

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

COMMON ATTRIBUTE 29

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC's market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

COMMON ATTRIBUTE 30

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

COMMON ATTRIBUTE 31

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

COMMON ATTRIBUTE 32

Applicability	<p>Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions.</p> <p>If not applicable to the entire [Regional Entity Name] area, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.</p>
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COMMON ATTRIBUTE 33

Measure(s)	<p>Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
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COMMON ATTRIBUTE 34

Compliance Monitoring Process	<p>Defines for each measure:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible for providing the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes. • The entity that is responsible for evaluating data or
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	<p>information to assess performance or outcomes.</p> <ul style="list-style-type: none">• The time period in which performance or outcomes is measured, evaluated, and then reset.• Measurement data retention requirements and assignment of responsibility for data archiving.
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EXHIBIT C
TO PRO FORMA DELEGATION AGREEMENT

**FRCC REGIONAL RELIABILITY STANDARD
DEVELOPMENT PROCESS**

Amended September 25, 2007



1408 N. Westshore Blvd., Suite 1002, Tampa, Florida 33607-4512
Phone 813.289-5644 * Fax 813.289-5646
www.frcc.com

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I. Introduction and Background

Purpose

This manual establishes the process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region. FRCC Regional Reliability Standards apply to the reliability planning and reliable operation of the Bulk Power System in the FRCC Region. Proposed FRCC Regional Reliability Standards shall be subject to approval by the North American Electric Reliability Corporation (NERC), as the electric reliability organization, and by the Federal Energy Regulatory Commission (FERC) before becoming mandatory and enforceable under Section 215 of the Federal Power Act. FRCC Regional Reliability Standards, when approved by FERC, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators and users within the FRCC Region, regardless of membership in the region.

The FRCC Regional Reliability Standards Development Process is based on providing an open and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards. Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the reliability of the FRCC Bulk Power System has a right to participate by: a) expressing a position and its basis, b) having that position considered, c) voting on and d) having the right to appeal.

FRCC Regional Reliability Standard Principles

FRCC Regional Reliability Standards go beyond, add detail to, or implement NERC Reliability Standards, or cover matters not addressed in NERC Reliability Standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC Reliability Standards.

FRCC Regional Reliability Standards are based on NERC's Reliability Principles and Market Interface Principles. Each FRCC Regional Reliability Standard shall enable or support one or more of NERC's Reliability Principles and must accommodate competitive electricity markets by being consistent with NERC's Market Interface Principles.

The FRCC Regional Reliability Standard Development Process defines the fair and open process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region and has the following characteristics:

- **Due Process** – Any interested party, or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System has a right to participate in this process as indicated in this manual.
- **Openness** – Participation is open to any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System. Participation shall not be conditional upon membership in the FRCC. All FRCC Regional Reliability Standard development meetings will be open and noticed on the FRCC website.

- **Balance** – The FRCC Regional Reliability Standard Development Process shall have a balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

II. FRCC Regional Reliability Standard Definition, Characteristics, and Elements

Definition

A FRCC Regional Reliability Standard defines certain obligations or requirements of all owners, operators and users of the FRCC Bulk Power System regardless of membership in the FRCC. The obligations or requirements must be material to reliability and measurable. Each obligation and requirement shall support one or more of the NERC reliability principles and shall be consistent with all of the NERC reliability and market interface principles.

FRCC Regional Reliability Standards go beyond, add detail to, or implement NERC reliability standards, or cover matters not addressed in NERC reliability standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC reliability standards.

Characteristics

A FRCC Regional Reliability Standard shall have the following characteristics:

- **Material to Reliability** - A FRCC Regional Reliability Standard shall be material to the reliability of the FRCC Bulk Power System. If the reliability of the FRCC Bulk Power System could be compromised without a particular standard or by a failure to comply with that standard, then the standard is material to reliability.
- **Measurable** - A FRCC Regional Reliability Standard shall establish technical or performance requirements that can be practically measured.
- **Relative to NERC Reliability Standards** - A FRCC Regional Reliability Standard must go beyond, add detail to, or implement NERC reliability standards, or cover matters not addressed in NERC reliability standards.

Although FRCC Regional Reliability Standards have a common format and process, several types of Reliability Standards may exist, each with a different approach to measurement:

- **Technical standards** related to the provision, maintenance, operation, or state of Bulk Power System will likely contain measures of physical parameters and will often be technical in nature.
- **Performance standards** related to the actions of entities providing for or impacting the reliability of the FRCC Bulk Power System will likely contain measures of the results of such actions, or the nature of the performance of such actions.
- **Preparedness standards** related to the actions of entities to be prepared for conditions that are unlikely to occur but are critical to reliability will likely contain measures of such preparations or the state of preparedness.

Elements

A FRCC Regional Reliability Standard shall consist of the elements identified in this section of this manual. These elements are intended to apply a systematic discipline in the development and revision of Reliability Standards. The format allows a clear statement of the purpose, requirements, measures, and compliance elements associated with each Reliability Standard. Supporting documents to aid in the implementation of a Reliability Standard may be referenced by the Reliability Standard but are not part of the Reliability Standard itself.

Performance Elements of a FRCC Regional Reliability Standard

Identification Number	A unique identification number assigned in accordance with an administrative classification system to facilitate tracking and reference.
Title	A brief, descriptive phrase identifying the topic of the Reliability Standard.
Applicability	Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions. If not applicable to the entire FRCC, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.
Effective Date and Status	The effective date of the Reliability Standard or, the proposed effective date.
Purpose	The purpose of the Reliability Standard. The purpose shall explicitly state what outcome will be achieved or is expected by this Reliability Standard.
Requirement(s)	Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies what entity is responsible and what action is to be performed or what outcome is to be achieved. Each statement in the requirements section shall be a statement for which compliance is mandatory. Any additional comments or statements for which compliance is not mandatory, such as background or explanatory information should be placed in a separate document and referenced.
Risk Factor(s)	The potential reliability significance of each requirement, designated as a High, Medium or Lower Risk Factor in accordance with the criteria listed below: A Lower Risk Factor requirement is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor and control the FRCC Bulk Power System; or (b) is a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative

	<p>conditions anticipated by the preparations, be expected to affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor, control, or restore the FRCC Bulk Power System.</p> <p>A Medium Risk Factor requirement (a) is one that, if violated, could directly affect the electrical state or the capability of the FRCC Bulk Power System but is unlikely to lead to FRCC Bulk Power System instability, separation, or cascading failures; or (b) is a requirement in the planning time frame that , if violated, could under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the electrical state or capability of the FRCC Bulk Power System, or the ability to effectively monitor and control the FRCC Bulk Power System but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to FRCC Bulk Power System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.</p> <p>A High Risk Factor requirement (a) is one that, if violated, could directly cause or contribute to FRCC Bulk Power System instability, separation, or a cascading sequence of failures, or could place the FRCC Bulk Power System at an unacceptable risk of instability, separation, or cascading failures, or (b) is a requirement in a planning time frame that, if violated, could under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to FRCC Bulk Power System instability, separation, or a cascading sequence of failures, or could place the FRCC Bulk Power System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</p>
Measure(s)	<p>Each requirement shall be addressed by one or more measures. Measures that will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure identifies to whom the measure applies and the expected level of performance or outcomes required to demonstrate compliance. Each measure shall be tangible, practical, and as objective as is practical. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
Compliance Monitoring Process	<p>The compliance elements define:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible to provide the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes.

	<ul style="list-style-type: none"> • The entity that is responsible for evaluating data or information to assess performance or outcomes. • The time period in which performance or outcomes is measured, evaluated, and then reset. • Measurement data retention requirements and assignment of responsibility for data archiving.
Violation Severity Levels	<p>Defines the degree to which compliance with a requirement was not achieved. The violation severity levels, are part of the standard and are approved with the standard.</p>

III. Roles in the FRCC Regional Reliability Standard Development Process

Nomination, Modification, or Withdrawal of A Regional Standard

Any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn. Additionally, any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System shall be allowed to request that a FRCC Regional Reliability Standard be developed, modified, or withdrawn.

Standard Development Process Roles

FRCC Board of Directors – The FRCC Board of Directors shall consider for adoption as FRCC Regional Reliability Standards, those Standards that have been developed and approved by this process. Once the Board adopts a FRCC Regional Reliability Standard, such Standard shall be submitted to NERC for approval. When approved by NERC, it will be submitted to FERC for approval.

Registered Ballot Body (RBB) – The registered ballot body votes to approve FRCC Regional Reliability Standards. The RBB comprises all entities or persons that qualify for one of the FRCC Industry Sectors as defined in Section 1.2 of the FRCC Bylaws, and are registered with FRCC as potential ballot participants in the voting on standards. FRCC membership is not a requirement to participate in the development of and voting on FRCC Regional Reliability Standards. Any entity or person that has a material interest in the reliability of the FRCC Bulk Power System shall be allowed to register as potential ballot participants in the RBB. (See Appendix C)

Ballot Pool (BP) – Each standard action has its own BP formed of interested members of the RBB. The BP comprises those members of the RBB that respond to a pre-ballot survey for that particular standard that indicates their desire to participate in the ballot of that standard. The BP will vote to approve each FRCC Regional Reliability Standard.

FRCC Operating Committee (OC) and FRCC Planning Committee (PC) – The FRCC OC and the FRCC PC (both of which are balanced stakeholder committees, see Appendix C) shall have the primary responsibility for the development, modification or withdrawal of FRCC Regional Reliability Standards.

FRCC Standards Process Manager – The FRCC Regional Reliability Standard Development Process shall be administered by the FRCC Standards Process Manager. The FRCC Standards Process Manager will ensure the integrity of the process and the consistency of quality and completeness of the FRCC Regional Reliability Standards. The FRCC Standards Process Manager will facilitate all steps in this process, and will coordinate with NERC to ensure required information is posted on both NERC and FRCC websites.

Standard Drafting Team – A team of technical experts, such as FRCC Subcommittees, Working Groups, Task Forces, or the FRCC Staff, will be appointed by the FRCC OC and/or PC, that will:

- Develop the details of the FRCC Regional Reliability Standard,
- Consider and respond to industry comments,
- Participate in forums to help build consensus on draft FRCC Regional Reliability Standards,
- Assist in the implementation of approved FRCC Regional Reliability Standards,
- Provide technical oversight in response to changing industry conditions,
- Assist in the identification of the need for new FRCC Regional Reliability Standards.

FRCC Compliance Staff – The FRCC compliance staff provides input and comments during the standard development process to ensure the requirements are not ambiguous, that measures will be effective and that the compliance elements of a standard can be practically implemented.

IV. Steps in Developing a FRCC Regional Reliability Standard

Step 1 – Request a new FRCC Regional Reliability Standard or modification to, or withdrawal of an existing FRCC Regional Reliability Standard

A request to develop, modify or withdraw a FRCC Regional Reliability Standard shall be submitted to the FRCC Standards Process Manager (via email to FRCCStandard@frcc.com) by any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, or any interested party or any entity that is directly and materially affected by reliability of the FRCC Bulk Power System. The FRCC Standards Process Manager will acknowledge receipt of the request within fifteen (15) calendar days of its receipt.

Step 2 – Assignment of FRCC Regional Reliability Standard Request

The FRCC Standards Process Manager will assign the request to the FRCC OC, the FRCC PC, or both as appropriate.

Step 3 – Posting of FRCC Regional Reliability Standard Request

The request for standard development, modification or withdrawal will be posted for notification and comment on the FRCC public website for a period of fifteen (15) calendar days, and will be reviewed by the FRCC OC and/or PC. A notice of the posting for comment will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek input on the proposed request.

Step 4 – Acceptance of a FRCC Regional Reliability Standard Request

The FRCC OC and/or the PC will review the request and any comments submitted to determine if the request received will be accepted or rejected within sixty (60) days of its submission. The decision will be posted and, if accepted, the OC and/or the PC will assign and direct a Standard Drafting Team to develop the draft Regional Reliability Standard. If the request is rejected, the FRCC Standards Process Manager will send notification to the entity making the request and to all entities that received the notice in Step 3 above.

Step 5 – Drafting and Posting of a FRCC Regional Reliability Standard

The FRCC OC and/or PC will assign a Standard Drafting Team, within 60 days of acceptance of the request, to develop, in a timely manner, a draft FRCC Regional Reliability Standard that will address the accepted request. The FRCC OC and/or PC may provide a timeframe that is desired for completion of the standard development.

Under the direction of the FRCC OC and/or PC, the Standard Drafting Team, will consider all comments received on the posting of the standard request and will develop a draft FRCC Regional Reliability Standard and corresponding implementation plan.

The draft FRCC Regional Reliability Standard, implementation plan and any supporting documents shall be posted for comments on the FRCC public website for a period of fifteen (15) calendar days, or such longer period as determined by the drafting team or as directed by the FRCC OC and/or the PC. Notice of the posting will go out to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public

Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek comments.

Comments shall be submitted (via email) to the FRCC Standards Process Manager (FRCCStandard@frcc.com). All comments are due by the close of business on the 15th calendar day of posting, or such later date as determined by the drafting team or as directed by the FRCC OC and/or PC. If the comment due date falls on a weekend or nationally recognized holiday, the comments shall be due by the close of business on the next regularly scheduled business day.

Step 6 – Standards Drafting Team Review of Comments

All comments should be submitted electronically to the FRCC Standards Process Manager who will forward to the Standard Drafting Team for consideration. All timely comments will be considered.

Under the direction given by the FRCC OC and/or the PC, the Standard Drafting Team will review the comments received and revise the draft FRCC Regional Reliability Standard and/or implementation plan as needed. The Standard Drafting Team will develop written responses to each comment received.

All responses to the submitted comments will be documented and posted on the FRCC public website. If needed, a second draft of the FRCC Regional Reliability Standard will be posted for another comment period. Such comment period shall be fifteen (15) calendar days, or such longer period as determined by the drafting team or as directed by the FRCC OC and/or PC.

Notice of the posting will go out to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator to seek comments.

Based on comments received to the posting, Step 6 will be repeated as necessary until the Standards Drafting Team believes the draft FRCC Regional Reliability Standard is ready to submit to the Ballot Pool for approval.

Step 7 –Establishment of Ballot Pool

The Standard Drafting Team shall submit the final draft of the proposed FRCC Regional Reliability Standard, along with any minority opinions, and all comments and written responses received during the posting(s), to the FRCC Standards Process Manager. The FRCC Standards Process Manager shall establish a Ballot Pool for standard action at least fifteen (15) calendar days prior to the start of a ballot. A pre-ballot survey will be sent to each entity of the RBB to determine their desire to be placed in the Ballot Pool. Once the ballot period opens, the Ballot Pool will be closed and changes to the Ballot Pool participation will not be allowed.

Step 8 – Ballot of the new or revised FRCC Regional Reliability Standard

The FRCC Standards Process Manager will post the final draft of the standard on the FRCC website at least fifteen (15) calendar days before a ballot can begin. The Ballot Pool shall have a minimum of ten (10) calendar days to vote on a standard. The Ballot Pool may vote to approve or not approve the standard. If approved, the FRCC Standards Process Manager will submit the FRCC Regional Reliability Standard, proposed implementation plan, and any supporting documents to the FRCC Board of Directors for adoption.

If approval by the Ballot Pool is not obtained, the PC and/or OC will determine if the draft standard is to be sent back to the standard drafting team to repeat step 6 to incorporate any comments, or to take no further action.

If no further action is taken, the reason for such will be posted on the FRCC public website. A notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

Step 9 – Adoption of FRCC Regional Reliability Standards by the FRCC Board of Directors

At a regular or special meeting, the FRCC Board of Directors may consider adoption of the proposed FRCC Regional Reliability Standard that has been approved by the RBB Ballot Pool. A FRCC Regional Reliability Standard submitted for adoption by the FRCC Board of Directors must be posted for notification and comment on the FRCC public website at least ten (10) calendar days prior to action by the FRCC Board of Directors. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator. The FRCC Board of Directors shall consider the comments received, the responses provided, and any dissenting opinions. The FRCC Board of Directors shall adopt or reject a FRCC Regional Reliability Standard as submitted, but may not modify the proposed FRCC Regional Reliability Standard. If the FRCC Board of Directors chooses not to adopt a FRCC Regional Reliability Standard, it shall provide its reasons for not doing so.

If the FRCC Board of Directors chooses not to adopt the proposed FRCC Regional Reliability Standard, the reason for such decision will be posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

Step 10 – Submission to NERC and FERC

Once the FRCC Regional Reliability Standard is adopted by the FRCC Board of Directors, the FRCC Standard Process Manager shall submit the FRCC Regional Reliability Standard to NERC for approval. When approved by NERC, it shall be submitted by NERC to FERC for approval. If NERC or FERC rejects the FRCC Regional Reliability Standard, the FRCC Board of Directors will determine if the standard is to be sent back to the OC and/or PC to incorporate their comments or to take no further action on the standard. A FRCC Regional Reliability Standard that is adopted by the FRCC Board of Directors, approved by NERC and FERC, shall become effective on a date designated by FERC.

V. Special Procedures

Urgent Action

Under certain conditions, the entity making the request or the FRCC OC and/or the PC may designate a proposed or revised FRCC Regional Reliability Standard as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed or revised FRCC Regional Reliability Standard will materially impact reliability of the Bulk Power System in the FRCC Region. The FRCC OC and/or the PC must use its judgment carefully to ensure an urgent action is truly necessary and not simply an expedient way to change or implement a FRCC Regional Reliability Standard.

The entity making the request, or the FRCC OC and/or the PC, will prepare a draft of the proposed FRCC Regional Reliability Standard and submit it to the Standards Process Manager for urgent action. The submission must include a justification for the urgent action. The Standards Process Manager shall immediately post the draft as specified in Step 5. The posting shall be a minimum of ten (10) calendar days before the RBB can consider the draft for approval. All comments received during the posting will be considered. Once approved by the RBB, the proposed urgent FRCC Regional Reliability Standard will be sent to the FRCC Board of Directors for adoption.

A FRCC Regional Reliability Standard that is adopted by the FRCC Board of Directors, as an urgent action shall have a termination date specified that shall not exceed 180 days from the approved date. Should there be a need to make the FRCC Regional Reliability Standard permanent, the replacement FRCC Regional Reliability Standard would be required to go through the full standards development process.

An urgent action FRCC Regional Reliability Standard that expires may be renewed by the FRCC Board of Directors using the urgent action process again, in the event a permanent FRCC Regional Reliability Standard has not been adopted. In determining whether to authorize the extension of an urgent action FRCC Regional Reliability Standard, the FRCC OC and/or the PC shall consider the impact to the reliability of the FRCC Bulk Electric System of not continuing the FRCC Regional Reliability Standard. In addition, consideration will be given to whether expeditious progress is being made toward a permanent replacement.

The FRCC OC and/or the PC shall not request the FRCC Board of Directors to extend an urgent action FRCC Regional Reliability Standard if there is insufficient progress toward adopting a permanent replacement FRCC Regional Standard or if the FRCC OC and/or the PC lack confidence that a reasonable completion date is achievable. The intent is to ensure that an urgent action FRCC Regional Reliability Standard does not in effect take on a degree of permanence due to the lack of an expeditious effort to develop a permanent replacement FRCC Regional Reliability Standard. With these principles, there is no pre-determined limit on the number of times an urgent action may be renewed. However, each urgent action FRCC Regional Reliability Standard renewal shall be effective only upon adoption by the FRCC Board of Directors, and approval by NERC and FERC.

Interpretations of Standards

Any member of the FRCC, or group within the FRCC, or an entity that is directly and materially affected by reliability of the FRCC Bulk Power System shall be permitted to request an interpretation of a FRCC Regional Reliability Standard. The entity requesting an interpretation shall send a request to the FRCC Standards Process Manager explaining the specific circumstances surrounding the request and what clarifications are required as applied to those circumstances. The request should indicate the material impact to the requesting party, or others, caused by the lack of clarity or a possible incorrect interpretation of the FRCC Regional Reliability Standard. The FRCC Standards Process Manager will assemble a team with the relevant expertise to address the clarification.

As soon as practical (but not more than thirty (30) calendar days following the receipt of the request), the team will draft a written interpretation of the FRCC Regional Reliability Standard addressing the issues raised. The FRCC Standards Process Manager will submit the written interpretation to the OC and/or PC for review and approval. If approved by the FRCC OC and/or the PC, the interpretation is appended to the FRCC Regional Reliability Standard and is effective immediately. The interpretation will stand until such time as the FRCC Regional Reliability Standard is revised through the normal process, at which time the FRCC Regional Reliability Standard will be modified to incorporate the clarifications provided by the interpretation.

Appeals

Any member of the FRCC, or group within the FRCC, or any entity that is directly and materially affected by reliability of the FRCC Bulk Power System, and who feel they have been or will be adversely affected by any substantive or procedural action or inaction related to the development, approval, revision, or withdrawal of a FRCC Regional Reliability Standard shall have the right to appeal. This appeals process applies only to the FRCC Regional Reliability Standards Process as defined in this document

The burden of proof to show adverse effect shall be on the appellant. Appeals shall be made within thirty (30) calendar days of the date of the action purported to cause the adverse effect. The final decisions of any appeal shall be documented in writing and posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator .

The appeals process provides two levels, with the goal of expeditiously resolving the issue to the satisfaction of the participants:

Level 1 Appeal

Level 1 is the required first step in this appeals process. The appellant submits to the FRCC Standards Process Manager a complaint in writing that describes the substantive or procedural action associated with a FRCC Regional Reliability Standard or the FRCC Regional Reliability Standards Process. The appellant describes in the complaint the actual or potential adverse impact to the appellant. Assisted by any necessary staff and committee resources, the FRCC Standards Process Manager shall prepare a written

response addressed to the appellant as soon as practical but not more than forty-five (45) calendar days after receipt of the complaint. If the appellant accepts the response as a satisfactory resolution of the issue, both the complaint and response will be made a part of the record associated with the FRCC Regional Reliability Standard.

Level 2 Appeal

If after the Level 1 Appeal, the appellant remains unsatisfied with the resolution, notification shall be made in writing to the FRCC Standards Process Manager. Within thirty (30) calendar days of receiving the notification, the FRCC Standards Process Manager shall convene a Level 2 Appeals Panel. This panel shall consist of five members appointed by the FRCC Board of Directors. In all cases, Level 2 Appeals Panel members shall have no direct affiliation with the participants in the appeal.

The FRCC Standards Process Manager shall post on the FRCC public website the notice of the Level 2 appeal and other relevant materials. Notice of the posting will be sent to (1) the Registered Ballot Body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator. At least fifteen (15) calendar days notice of the meeting of the Level 2 Appeals Panel will be made. In addition to the appellant, any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System, and who is directly and materially affected by the substantive or procedural action referenced in the complaint shall be heard by the panel.

The Level 2 Appeals Panel shall not consider any expansion of the scope of the appeal that was not presented in the Level 1 Appeal. The Level 2 Appeals Panel may in its decision find for the appellant and remand the issue to the FRCC OC and/or the PC for resolution with a statement of the issues and facts in regard to which fair and equitable action was not taken. The Level 2 Appeals Panel may find against the appellant with a specific statement of the facts that demonstrate fair and equitable treatment of the appellant and the appellant's objections.

The Level 2 Appeals Panel may not, however, revise, approve, disapprove, or adopt a FRCC Regional Reliability Standard, as these responsibilities remain with the FRCC Board of Directors. The actions of the Level 2 Appeals Panel shall be posted on the FRCC public website. Notice of the posting will be sent to (1) the Registered Ballot body, (2) the FRCC standing committees, subcommittees and working groups, (3) the Florida Public Service Commission, and (4) the SERC Southern Sub-region Reliability Coordinator.

VI. Maintenance of the FRCC Regional Reliability Standards and Process

Requests to Revise the FRCC Regional Reliability Standard Development Process

Any member of the FRCC, or group (i.e. committee, subcommittee, working group or task force) within the FRCC, or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System may submit a written request to modify the FRCC Regional Reliability Standard Development Process Manual. The FRCC Standards Process Manager shall oversee the handling of the request. The FRCC OC and/or the PC shall review the request and submit recommendations to the FRCC Board of Directors for consideration. The FRCC Board of Directors, on its own motion, may amend the FRCC Regional Reliability Standard Process.

Five-Year Review

Each FRCC Regional Reliability Standard shall be reviewed at least once every five (5) years. The review date will be determined from the effective date or the latest revision date whichever is later. The review process shall be conducted in accordance with Steps 1 through 10 of the FRCC Regional Reliability Standard Development Process Manual. As a result of this review, a FRCC Regional Reliability Standard shall be reaffirmed, revised, or withdrawn.

Filing of FRCC Regional Standards with Regulatory Agencies

All adopted FRCC Regional Reliability Standards will be filed with FERC.

APPENDIX A

Email completed form to FRCCStandard@frcc.com

FRCC Regional Reliability Standard Request Form

Title of Proposed Standard
Request Date

Requestor Information	TYPE (Check a box for each one that applies)
Name	<input type="checkbox"/> New Standard
Primary Contact	<input type="checkbox"/> Revision to existing Standard
Telephone	<input type="checkbox"/> Withdrawal of existing Standard
Fax	
Email	<input type="checkbox"/> Urgent Action

Purpose (Describe the purpose of the standard – what the standard will achieve in support of reliability)

Industry Need (Provide a detailed statement justifying the need for the proposed standard, along with any supporting documentation)

Brief Description (Describe the proposed standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others)

FRCC Regional Reliability Standard Request Form

The Standard will Apply to the Following Functions (Check box for each one that applies)

<input type="checkbox"/>	Reliability Coordinator	Ensures the reliability of the bulk transmission system within its Reliability Authority area.
<input type="checkbox"/>	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
<input type="checkbox"/>	Planning Authority	Plans the Bulk Electric System
<input type="checkbox"/>	Resource Planner	Develops a long-term plan for the resource adequacy of specific loads within a Planning Authority area
<input type="checkbox"/>	Transmission Planner	Develops a long-term plan for the reliability of transmission systems within its portion of the Planning Authority area
<input type="checkbox"/>	Transmission Service Provider	Provides transmission services to qualified market agreements
<input type="checkbox"/>	Transmission Owner	Owens transmission facilities
<input type="checkbox"/>	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
<input type="checkbox"/>	Distribution Provider	Provides and operates the “wires” between the transmission system and the customer
<input type="checkbox"/>	Generator Owner	Owens and maintains generation unit(s)
<input type="checkbox"/>	Generator Operator	Operates generation units(s) and performs the functions of supplying energy and Interconnected Operations Services
<input type="checkbox"/>	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity, and all necessary Interconnected Operations Services as required
<input type="checkbox"/>	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user

FRCC Regional Reliability Standard Request Form

NERC Reliability Principles

Applicable Reliability Principles (Check box for all that apply.)	
	1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
	2. The frequency and voltage of interconnected bulk electric systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
	3. Information necessary for the planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably.
	4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained, and implemented.
	5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk electric systems.
	6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified, and have the responsibility and authority to implement actions.
	7. The security of the interconnected bulk electric systems shall be assessed, monitored, and maintained on a wide-area basis.

NERC Market Interface Principles

Does the proposed Standard comply with all of the following Market Interface Principles?	
Recognizing that reliability is an essential requirement of a robust North American economy:	
yes or no	1. A reliability standard shall not give any market participant an unfair competitive advantage.
yes or no	2. A reliability standard shall neither mandate nor prohibit any specific market structure.
yes or no	3. A reliability standard shall not preclude market solutions to achieving compliance with that standard.
yes or no	4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards.

FRCC Regional Reliability Standard Request Form

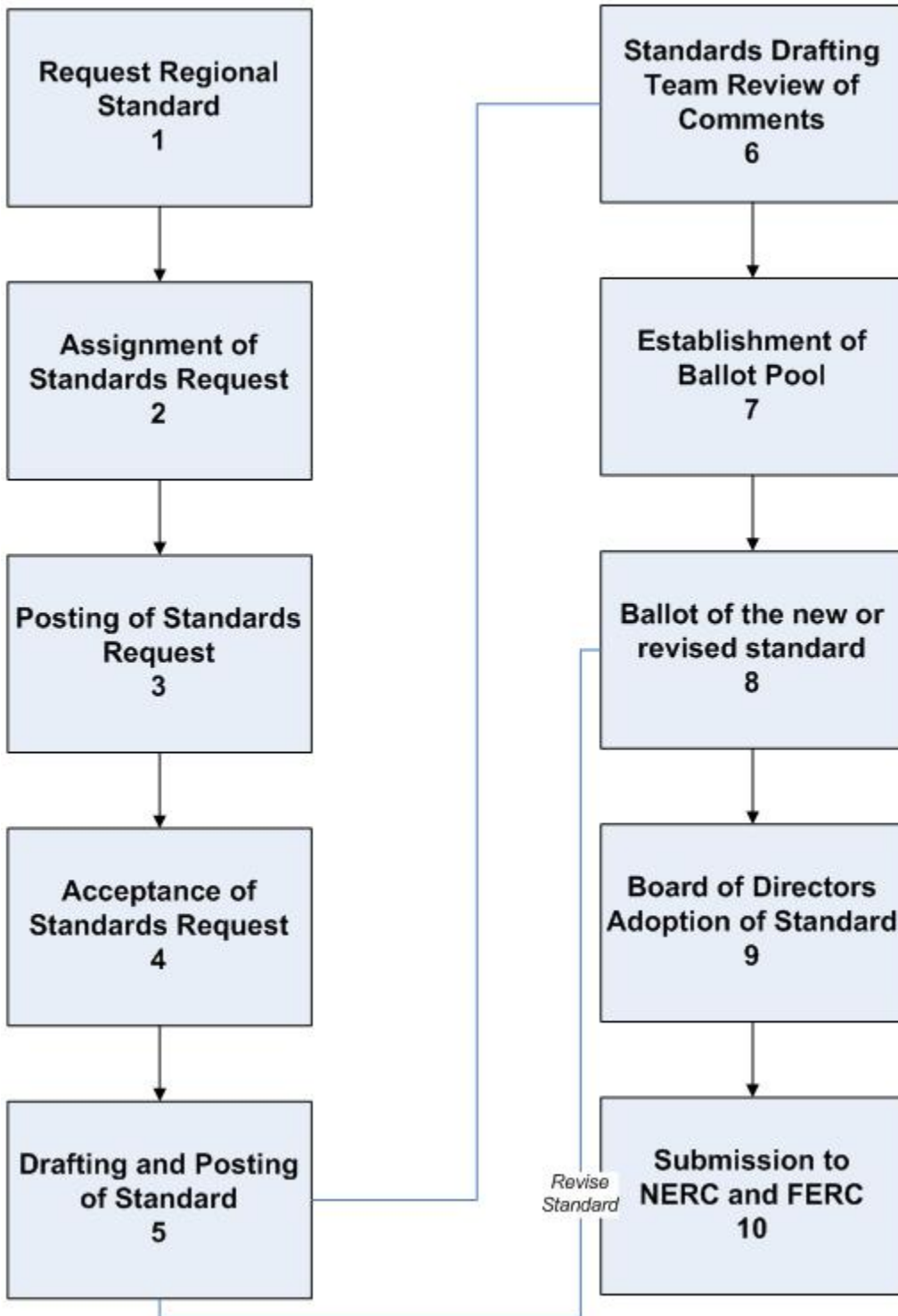
Related Standards

Standard No.	Explanation

<p>Proposed Implementation days after Board of Directors adoption or</p> <hr/> <p>On (date):</p>
--

APPENDIX B

Process Diagram



APPENDIX C

Development of and Voting of the Registered Ballot Body

1. Registration Procedures

The Registered Ballot Body (RBB) comprises all entities¹ and persons that:

- Qualify for one of the FRCC Industry Sectors, and
- Are registered with the FRCC as potential ballot participants in the voting on FRCC Regional Reliability Standards.

All registrations will be done electronically. All entities and persons will self-select to belong to the RBB. The sectors shall be identical to those in Section 1.2 of the FRCC Bylaws.

All RBB members will have the ability to vote on a standard. Voting will be done in writing (either email or facsimile) with each RBB member having one vote. The RBB representative will have the right to register and participate in ballot pools to cast their vote on a standard being considered for approval.

2. Sector Qualification Guidelines

The general guidelines are as follows:

- An entity or person may register in the RBB in any Sector in which it qualifies for provided that an entity or person registers as a potential ballot participant in only one (1) Sector.
- Any individual currently employed by an organization that is eligible to join one or more of the other five (5) sectors, shall not be qualified to join as a General Sector RBB member.

3. Ballot Pool Voting

A Ballot Pool will be established to vote on any proposed standards action. Each RBB member choosing to belong to a Ballot Pool will have one individual vote. Two-thirds of the individual votes of the Ballot Pool shall constitute a quorum.

Approval of a FRCC Regional Reliability Standard requires the affirmative vote of a two-thirds majority of the weighted sector votes cast. The number of votes cast in each sector is the sum of the affirmative and negative votes, excluding abstentions.

The following steps will be used to determine if there is sufficient affirmative votes:

1. The number of affirmative votes cast in each sector will be divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each sector. Abstentions will not be counted.

¹ An entity and all of its Affiliates (as defined in the FRCC Bylaws) shall be considered one entity for purposes of registering as a potential ballot participant.

2. The fractional affirmative vote for a sector will then be multiplied by the Sector Weight Factor to determine the weighted fractional affirmative vote for a sector. The Sector Weight Factors are:
 - a. Suppliers Sector: Weight Factor = 2.5
 - b. Non-Investor Owned Utility Wholesale Sector: Weight Factor = 2.0
 - c. Load Serving Entity Sector: Weight Factor = 1.0
 - d. Generating Load Serving Entity Sector: Weight Factor = 3.0
 - e. Investor Owned Utility Sector: Weight Factor = 3.5
 - f. General Sector: Weight Factor = 1.0
3. The sum of the weighted fractional affirmative votes from all sectors divided by the sum of the weights of the sectors voting will be used to determine if a two-thirds majority has been achieved. A sector will be considered as “voting” if any member of the sector in the Ballot Pool casts either an affirmative or negative vote.
4. A FRCC Regional Reliability Standard will be considered “approved” if the sum of the weighted fractional affirmative votes from all sectors divided by the sum of the weights of the voting sectors is two-thirds or greater.

History of Revisions

Approved March 2, 2006
Amended July 25, 2006
Amended October 24, 2006
Amended September 25, 2007

EXHIBIT D – COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

FRCC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within FRCC's geographic or electrical boundaries, and such other scope, set forth on **Exhibit A** of this Agreement.

2.0 REGIONAL HEARING OF COMPLIANCE MATTERS

FRCC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be the FRCC Board Compliance Committee (BCC), a balanced compliance panel reporting directly to the FRCC's Board of Directors.

The BCC will consist of one (1) representative of a Voting Member from each of the six (6) sectors in the FRCC, who shall be a member of the Board of Directors. Each year, two (2) ~~members-Directors (including Alternate Directors)~~ from each Sector, ~~of the FRCC Board of Directors~~ will volunteer to serve in a BCC pool. At the time a hearing request is received, the Chair of the FRCC Board of Directors will appoint one member from each Sector to form the BCC for that hearing. Once appointed to a hearing, a Director or Alternate Director shall serve throughout the hearing's duration. The Board Member from the Registered Entity that has requested the hearing will not be selected for that BCC. In the event one (1) Sector of the FRCC declines to participate on the BCC, the Chair of the Board of Directors shall randomly select one (1) additional BCC member from the remaining five (5) Sectors to constitute the BCC. The Chair of the FRCC Board of Directors will appoint a Chair and Vice-Chair of the BCC. Terms of BCC members will be equivalent to the time it takes to complete the hearing for which they were selected. Members may be re-appointed to subsequent terms without any limits to the number of terms they serve.

FRCC Industry Sectors are as follows:

- One (1) Member from the Investor Owned Utility Sector
- One (1) Member from the Suppliers Sector
- One (1) Member from the Non-Investor Owned Utility Wholesale Sector
- One(1) Member from the Load Serving Entity Sector
- One (1) Member from the Generating Load Serving Entity Sector
- One (1) Member from the General Sector

Each member of the BCC shall be a full voting member. There will be no alternates or proxies for the BCC members. Decisions of the BCC shall require (i) a quorum to be present requiring at least fifty (50) percent of the number of members assigned to the BCC provided, however, that in each case at least four (4) eligible Sectors are represented and (ii) a majority vote of the members of the BCC voting on the decision.

FRCC shall conduct all compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with Attachment 2, Hearing Procedures, to the NERC Compliance Monitoring and Enforcement Program, subject to the following deviations, if any: None.

3.0 OTHER DECISION-MAKING BODIES

The FRCC has engaged the SERC Reliability Corporation (SERC) to oversee the compliance monitoring and enforcement responsibility as related to FRCC's compliance with Reliability Standard requirements that are applicable to the functions for which FRCC is a Registered Entity.

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

FRCC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standard Development
- Compliance Monitoring and Enforcement
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)
- Event Analysis and Reliability Improvement
- Training and Education
- Situation Awareness
- Infrastructure Security

2. Preparation of Annual Business Plan and Budget

(a) NERC and FRCC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of [Regional Entity's] business plan and budget. The annual schedule for the preparation of business plans and budgets shall require FRCC (i) to submit to NERC draft(s) of FRCC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been approved by FRCC Board of Trustees to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of FRCC's business plan and budget to the Commission 130 days in advance of the beginning of each fiscal year. The FRCC business plan and budget submission shall include supporting materials, including FRCC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, and the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. FRCC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve FRCC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct FRCC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit FRCC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

3. Allocation of Costs

Assessments to fund the costs of FRCC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. FRCC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying [Regional Entity's] assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of [Regional Entity's] assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

4. Collection of Funding

(a) NERC shall submit invoices to the load-serving entities or designees identified by FRCC covering the NERC and FRCC assessments approved for collection.

(b) NERC shall pursue any non-payments of assessment amounts and shall request assistance from ERO Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, FRCC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, FRCC is not responsible and does not assume any liability for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts. NERC shall add the amount of any non-payments by end-users or designees within FRCC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within FRCC's region.

(c) Upon approval by ERO Governmental Authorities of FRCC's annual assessment to fund the costs of its delegated functions and related activities, NERC shall pay FRCC's annual assessment to Regional Entity in four equal quarterly payments on January 15, April 15, July 15 and October 15 of the budget year.

5. Application of Penalties

Except as otherwise approved by the Commission, all penalty monies received by FRCC, other than penalty monies received from an operational function or division or affiliated entity of FRCC, shall be applied as a general offset to FRCC's budget requirements for U.S.-related activities under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received from an operational function or division or affiliated entity of FRCC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

6. Budget and Funding for FRCC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), FRCC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"):

Non-Statutory Activities

The Member Services division of the FRCC provides, coordinates or administers a variety of services relating to the reliable planning and operation of the bulk power system in the FRCC Region. These services are carried out by the FRCC Planning Committee (PC) and the FRCC Operating Committee (OC), and its various subcommittees, task forces and working groups.

Planning Committee (PC)

The PC promotes the reliability of the bulk power system in the FRCC Region, and assesses and encourages generation and transmission adequacy. The PC, through the FRCC Regional Transmission Planning Process, provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The activities of the PC include the activities of the following Member Services working groups: the Stability Working Group, the Transmission Working Group, the Resources Working Group, the ATC Working Group and the Fuel Reliability Working Group. The activities of these working groups pertain to the facilitated and coordinated effort for the running of engineering studies and communications in a cost effective, open and transparent manner for the members to complete common tasks to ensure future bulk power reliability. This includes any transmission planning that allows transmission owners to meet FERC's Order 890 requirement for wide area planning and implementation of data and reporting to the Florida Public Service Commission on resource adequacy and transmission reliability.

Operating Committee (OC)

The OC is responsible for the coordination, planning, operation and maintenance of reliable bulk power supply in the FRCC. Its primary reliability goals are the continuous improvement of the situational awareness of the operators interconnected within the FRCC, and ensuring that adequate physical, operational and cyber security objectives are in place for the Region's shared communications network. The OC ensures reliable operations are maintained through the development and implementation of the Reliability Process for the FRCC Bulk Electric System, formerly the FRCC Security Process.

Operating Reliability Subcommittee (ORS)

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides

formal oversight and implementation of the Reliability Process for the FRCC Bulk Electric System, formerly the FRCC Security Process, which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agents responsible for performing the Reliability Coordinator and Operations Planning Coordinator functions.

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other entities identified by the FRCC ORS, and for developing methodologies to facilitate the exchange of real-time, modeling, and other operational data to help assure reliable electric power system operations. Within the FRCC, all entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives all substation topology information, line flows, voltage levels, unit parameters, etc. from the operating entities on a real-time basis. Data is available to all.

FRCC Telecommunications Subcommittee (TS)

The TS provides formal oversight over the TS budget which is included in the OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities within the FRCC. The TS administers the FRCC hotline program, Satellite phone program, RDL program and also ensures that reliable and redundant communications are maintained with NERCNet, from a Regional communications perspective. All TS programs are in support of the RC function and are therefore non-statutory, with the exception of the FRCC satellite phone program which is a tool used by the Regional Entity to perform situational awareness and thus is budgeted as statutory.

Non Statutory Situation Awareness and Infrastructure Security Program

This program maintains and enhances the situational awareness of the operators of the interconnected system by supporting the tools necessary to efficiently communicate Electricity Sector Information Sharing and Analysis Center information within and outside of the FRCC Region. The program also ensures that the FRCC entity shared communications networks, include the appropriate physical, operational, and cyber security protections in order to function reliably.

FRCC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions:

(i) Separation of funding sources for statutory activities and non-statutory activities. The FRCC maintains a separate bank account for Statutory receivable collection. The statutory billing is done at the beginning of each quarter and an invoice is rendered to NERC only for the statutory receivable. NERC wires monies due directly into the Statutory bank account. All non-statutory receivables are deposited into a separate bank account. Member Services invoices are rendered to each member quarterly and deposited into this separate account.

(ii) Separation of costs of statutory activities and non-statutory activities. FRCC has adopted the NERC Chart of Accounts for Expenses and the NERC Rules of Procedure Categories as well as Member Services Functional Categories and utilizes these in order to correctly code each invoice received for all goods and services as well as for staff to specify where their time is spent each day for their time accounting reports. These methods are used to ensure that no statutory funds are used to pay for non-statutory expenses and that no non-statutory funds are used to pay for statutory expenses.

Each employee and officer (with the exception of the President and CEO) turns in a time sheet with their time accounted for between statutory and non-statutory functions that they personally spent their time on. Within statutory and non-statutory they further break down their time by the function areas. Each employee and officer fills out their time sheet daily and turns them in every two weeks to the Controller. The employees use the department codes to split their time according to what they did that day. These times are totaled by the Controller and Full-Time Equivalents (FTE's) for each function are calculated.

Accounting personnel route to the responsible department head all invoices pertaining to their job responsibility. The department head assigns the functional category, signs the invoices and returns it to accounting for payment processing. The accounting staff evaluates and assigns the appropriate General Ledger account number based on the Chart of Accounts and enters both the account number and the department number on the accounts payable system. Expenses such as Facilities Rent, stationary, utilities and other items of a general nature are split to each of the functions based on FTE's, on a monthly basis. Only expenses that cannot be determined to be specifically for a particular function are split on an allocated basis. Any expenses received that are for a particular function within a particular area are charged directly to that area and are not split.

All expenses are reviewed by a Department Head, an Accounting Assistant and the Controller for accuracy of coding and assignment to particular functions whether that be for Statutory or Non-statutory.

FRCC shall provide its budget for such non-statutory activities to NERC at the same time that FRCC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. FRCC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of FRCC's non-statutory activities and a description of the funding sources for the non-statutory activities. FRCC agrees that no costs (which shall include a reasonable allocation of FRCC's general and administrative costs) of non-statutory activities are to be included in the calculation of FRCC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if FRCC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, FRCC shall submit

to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in FRCC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct FRCC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit FRCC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to FRCC with reasonable notice, NERC shall have access to and may review all financial records of FRCC, including records used to prepare FRCC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by FRCC pursuant to Section 9(h) and (i) of the Agreement. FRCC shall provide supporting documentation for the quarterly and annual financial statements as reasonably requested by NERC.