



TEN THINGS IN-HOUSE COUNSEL NEEDS
TO KNOW ABOUT ELECTRIC COMPLIANCE

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Remember,

“It’s not personal, Sonny. It’s strictly
business”

-- The Godfather

Know the Rules

- Get a copy of the NERC Standards, and start reading.
- Ask questions:
 - Understand your company's practices and processes, and
 - Understand the Standards Requirements, and
 - Compare Practices and Requirements, and Ask More Questions
- Attorneys can understand technical stuff.

“Coulda been worse. Yeah, you can say that about nearly everything, I guess”
-- The Last Picture Show

Recognize the Differences

- Between the skills and expertise required to run an electric system, and
- The skills and expertise required to interpret standards, document compliance and communicate with auditors, regulators and other affected parties.
- Understand that Compliance is a team effort, not an individual effort.
- Play to individual strengths, anticipate and compensate for individual weaknesses.

And,

“It’s such a fine line between stupid and clever”

-- This is Spinal Tap

Teach the Rules

- Make no Assumptions.
- Technical and Operational Expertise is enough: support your technical people with analysis and help in breaking down the requirements into manageable bits.
- Punctuation and sentence structure matter, but those subtle differences may not be readily apparent to technical people

“What we have here is a failure to communicate”

-- Cool Hand Luke

Apply the Rules

- Take a step back and see how things look from 30,000 feet.
- Then, drill down to compare requirements to current practices
- Don't take "yes" for an answer – ask questions and review supporting documentation and evidence.
- Trust but verify.

“There’s no crying in baseball.”

-- A League of Their Own

Just the facts....

- Put yourself in an outside auditor's position, and ask:
 - Does the process meet the requirement
 - Is the process being followed in practice or is it a paper tiger
 - Is the documentation compelling
 - Is the presentation compelling
 - Are there questions left unanswered

“Prove it”

--Shane

Body of Evidence

- Recognize that Evidence may be an unfamiliar concept, but everyone documents things.....
 - Tax Records
 - Receipts
 - Copies of Contracts
- Understand how to make the unfamiliar very familiar....

“This ain’t my first time at the rodeo”

-- Mommie Dearest

What's a Lawyer Know, Anyway?

- How to interpret a requirement
- How to write a process or policy or procedure
- How to assess compliance
- How to document compliance
- How to build a case
- How to prepare a witness
- How to negotiate with regulators

Lawyer as Problem-Solver

- Familiar territory for in-house counsel
- Translating, Communicating, Listening
- Implementing, Assessing, Preparing
 - Evidence and Documentation
 - Witnesses
- Mitigating, Reporting, Negotiating
- Retooling, Implementing, Assessing, etc.

“I can’t swim.”

“Why, you crazy, the fall’ll probably kill ya”

-- Butch Cassidy and the Sundance Kid

Not My Area, Not My Concern?

- Consider the Culture of Compliance
- Consider the interrelationships of the requirements and standards
- Consider that no company is organized to compartmentalize or departmentalize all of the requirements
- Consider the Team Approach
- Consider.....the Lifeboat

“You’re gonna need a bigger boat”

-- Jaws

Whither Consultants?

- Compliance consultants are a growth industry – especially NERC compliance consultants.
- Consider the company culture – important to require internal “owners” to maintain that ownership even if they access outside consultants.
- “Blame the consultant” is no fix, no cure, and no excuse for non-compliance.

“The judge has left town, Harvey’s quit, and
I’m havin’ trouble gettin’ deputies”

-- High Noon

“Who ya gonna call?”

-- Ghostbusters

Ups and Downs of Compliance

- Establish clear “ownership” of the requirements (not just the “standards”)
- Get Executive buy-in to the big concepts and the details (think: tone at the top)
- Escalate issues, questions, concerns from the front line up through the ranks
- Be mindful of the tone in the middle – and guard against break-downs in processes

Big Brother is Watching

- Trust but Verify
 - Initiate Spot Checks
 - Muster Internal Audit Resources
 - Conduct Practice Audits and documentation reviews
- Goals:
 - Everything in Order – clear documentation and processes
 - Everyone on board and ready to go

Big Picture

- Choose Your Battles
- Recognize the fine lines between
 - Non-compliance and an Opportunity for Enhanced Compliance
 - Breakdown in Process or Teachable Moment
- Recognize, too, that credibility matters.
- Credibility, integrity, culture of compliance

“Well, nobody’s perfect.”

-- Some Like It Hot

Good Faith Matters

- Self Reports
- Practice Audits
- Documentation Reviews
- Immediate Mitigation
- Timely and Accurate Communication with regulators
- Follow Up, Close Loops, Resolve Issues

To Recap...

10. Read and understand these reliability requirements.
9. Eschew assumptions about technical skills, analytical skills, communication skills or any of the rest of the tools for compliance success. If they need to know it, be sure you teach it.
8. Don't take "yes" for an answer. Trust but verify.

And....

7. Model Best Practices – don't just tell them....show them:

What documentation is and how it is best presented;

What effective communication looks like and sounds like and feels like;

What thoughtful, efficient and effective processes look like and why they matter.

What a successful compliance program is and their roles in the success

More.....

6. Establish a spot check and practice audit schedule – ongoing, not just for audit

5. Embrace opportunities for program enhancements and drive towards on-going reassessments and improvements

4. Know your program and know your people and be sure your people know your program and your expectations.

Even More

3. Encourage innovation, new approaches, new ideas and new thinking.
2. Look beyond the usual suspects – seek inquisitive, detail-oriented people to become compliance professionals – people who may not aspire to compliance work (everybody wants to be a ballerina or a firefighter in kindergarten) possess the skills to be very successful in compliance.

Lastly,

1. Be prepared for the ups and downs:
Report Up, Always, Good or Bad
Push Expectations Down to the Front Lines
Escalate Questions, Issues, Concerns
Drill down to the facts
Remember always that credibility and good faith matter, and that identifying and correcting issues quickly, and reporting out is part of an effective compliance effort, too.

“Hasta la vista, baby”

-- Terminator II, Judgment Day

Thank you for your time and attention.

Questions???