

Peak Reliability Internal Compliance Program

Table of Contents

- I. Purpose..... 3***
- II. Introduction 3***
- III. Roles and Responsibilities 3***
 - Leadership Team..... 3
 - Compliance Team 4
 - Reliability Standard Owners 7
 - Subject Matter Experts (SME) 7
 - All Employees, Contractors and Vendors 8
- IV. Risk Assessment and Internal Controls..... 9***
- V. Performance Targets..... 9***
- VI. Communication..... 10***
- VII. Recognizing a Culture of Compliance..... 10***
- VIII. Disciplinary Action for Non-Compliance 10***
- IX. Compliance Open Door Policy 10***
- X. Education and Training..... 11***
- XI. Compliance Monitoring..... 11***
- XII. Responding to Instances of Potential Noncompliance 12***
- XIII. Review and Approval 13***
- XIV. Version History..... 14***
- Appendix A: Compliance Organizational Chart..... 16***
- Appendix B: RSAW Procedure***
- Appendix C: Identification and Verification of Reliability Standards Procedure***
- Appendix D: Compliance Risk Assessment Procedure***

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

Peak Reliability Internal Compliance Program

Table of Contents

Appendix E: Compliance Internal Control Evaluation Procedure

Appendix F: Cyber Security Training Program

Appendix G: Internal Compliance Spot Check Procedure

Appendix H: CIP Senior Manager Delegation and Rescission of Authority Process

Appendix I: Compliance Assessment Procedure

Appendix J: Compliance Risk and Internal Control Register

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

I. Purpose

The purpose of the Internal Compliance Program (ICP) is to establish the overall framework for the governance and management of reliability standard compliance responsibilities of the Reliability Coordinator (RC) registered function.

II. Introduction

Peak hereby establishes an Internal Compliance Program (ICP) that reflects its commitment to comply with the North American Electric Reliability Corporation (NERC) mandatory Reliability Standards requirements and the WECC Regional Reliability Standards requirements applicable to the RC registered function. The goal of this ICP is to actively support an organizational culture that continuously promotes and fosters a reliable and efficient Bulk Electric System by striving for operational excellence, including the incorporation of best-practices, principles and processes that support reliability standards compliance.

This ICP establishes the framework for the plans, policies, procedures, systems, roles and responsibilities to monitor, assess and ensure compliance with all applicable reliability standards and associated rules, orders and regulations. Compliance is accomplished through committed leadership, clear communication channels, training, individual performance and accountability, and a commitment to continuous improvement through measuring, reporting and responding.

III. Roles and Responsibilities

All Peak employees, contractors and vendors are charged with the responsibility and daily accountability of implementing this ICP.

Leadership Team

Peak's Leadership team consists of the President and Chief Executive Officer, Chief Strategy Officer, Vice-Presidents and Directors. Leadership team duties include but are not limited to the following:

- Provide clear communication to all Peak employees, contractors and vendors that a culture of high ethics and reliability compliance is desired and expected
- Allocate appropriate financial support, personnel and resources to implement the ICP
- Provide guidance in the determination of ICP incentives and disciplinary actions
- Participate in compliance meetings



Compliance Team - Director

The Director of Compliance reports directly to the Vice-President and General Counsel but has unfettered access to Peak's President and Chief Executive Officer, as well as the Peak Board of Directors as needed. The Compliance Organizational Chart is included as ICP Appendix A. The Director of Compliance has been assigned responsibility and authority for coordinating and monitoring Peak's compliance responsibilities. Duties of this assigned responsibility and authority include, but are not limited to the following:

- Periodic compliance program updates to Peak's Board of Directors Audit Committee
- Periodic compliance program updates, concerns or recommendations to the Peak Leadership team including results of compliance audits, assessments and Compliance Event Review Committee reports
- Serving as Peak's primary compliance contact and CIP Senior Manager
- Coordination and reporting of all compliance matters to WECC, NERC and FERC
- Independent management of the ICP which includes review, updates and approval whenever required, and distribution to all Peak employees, contractors and vendors via email, public website posting and internal EMS Sharepoint posting.
- Coordination and facilitation of an ICP review at least each calendar year and any time a reliability standard violation is confirmed. The ICP will be reviewed with the Leadership team and other Peak team members.
- Facilitation of planning for new or revised reliability standards
- Assisting the Leadership team in ensuring team members are aware of the ICP and understand their role in complying with reliability standards
- Coordinating and assisting in the performance of risk assessments and internal control evaluations
- Coordinating and collaborating with all Peak employees when developing, documenting, monitoring and testing internal controls
- Reviewing Reliability Standard Audit Worksheets (RSAW)
- Meeting with the Leadership team and other Peak employees to discuss ICP matters as required
- Leading internal compliance assessments
- Coordination and reporting for all external assessments



- Coordinate creation and implementation of compliance mitigation plans
- Identifying all effective reliability standards applicable to the RC function and performing quarterly verification of same. Reference the *Identification and Verification of Reliability Standards Procedure* for detailed guidance (ICP Appendix C).
- Serving as backup to responsibilities assigned or delegated to the Compliance Specialists or Compliance Security Analysts

CIP Senior Manager

The CIP Senior Manager is a single senior management official with overall authority and responsibility for leading and managing implementation of and continuing adherence to the requirements within the NERC CIP Reliability Standards (CIP-002 through CIP-011), and is identified and assigned by the President and Chief Executive Officer. Peak identifies its CIP Senior Manager by name and documents any change within 30 calendar days of the change. Additional CIP Senior Manager responsibilities include the following:

- Approve identification of BES Cyber Systems at least once every 15 calendar months
- Review and approve documented cyber security policies as required by NERC Reliability Standard CIP-003-6, Requirement 1
- Approve Change Control and Configuration Management tickets
- Approve created or revised mitigation plans as required by NERC Reliability Standard CIP-007-6, Requirement 2, Part 2.4

Where allowed by the NERC CIP Reliability Standards, the CIP Senior Manager may delegate authority for specific actions to a delegate or delegates. The *CIP Senior Manager Delegation and Rescission of Authority Process* (ICP Appendix H) documents the process used by Peak when authority is delegated or revoked.

Manager of Compliance

The Manager of Compliance reports to the Director of Compliance and is responsible for the following:

- Conduct annual and ad-hoc Operations and Planning and CIP internal compliance assessments in conjunction with the Compliance, Legal, Operations, Engineering, Information Technology, Human Resources, Finance and Communications departments
- Submit annual self-certifications of compliance to the Compliance Enforcement Authority
- Assist the Director of Compliance and all Peak departments with WECC, NERC and FERC certifications, compliance audits, spot checks and investigations



- Assist in performance of Compliance Assessments to determine if self-reports are required, developing mitigation plans, submitting mitigation completion evidence, identifying lessons learned, and working with applicable departments to ensure Corrective Action Plans are developed and completed when required
- Maintain relationships with regulators and industry peers to understand audit approach and industry best practices
- Assist Compliance, Legal and Human Resources departments in providing guidance to employees and contractors on compliance matters
- Collaborate with Subject Matter Experts to develop technical content of RSAW narratives and evidence, which must be up-to-date and ready at all times for spot checks or audits
- Gather and submit Peak comments on reliability standard development activities
- Provide regular status reports of compliance posture, mitigation plans, reliability risks, compliance risks and best practices
- Develop and deliver compliance training

Compliance Team – Specialists and Security Analysts

Members of the Compliance team report to the Manager of Compliance and are responsible for performing assigned tasks that contribute to facilitation of Peak’s compliance with the mandatory NERC Reliability Standards and the WECC Regional Reliability Standards requirements applicable to the RC registered function. Specific Compliance team roles and responsibilities are assigned and documented in applicable Plans, Procedures and Processes. Compliance team duties include, but are not limited to the following:

- Collaborate with Peak employees, contractors and vendors to continuously promote and foster a reliable and efficient Bulk Electric System by striving for operational excellence. This includes recommending and implementing Plans, Processes and Procedures that enhance Peak’s reliability standards compliance.
- Develop and review RSAWs
- Assist with internal and/or external assessments
- Support developing, monitoring, testing and documenting internal controls
- Assist with WECC, NERC and FERC compliance reporting
- Provide oversight for Peak’s Change Control and Configuration Management process
- Assume responsibilities for duties as assigned or delegated

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

- Serve as backup to the Manager of Compliance for identified responsibilities as assigned or delegated
- Develop and deliver compliance training

Reliability Standard Owners

Reliability Standard Owners (RSO) are Directors that have been assigned responsibilities in relation to a particular Reliability Standard or Standards. Each Reliability Standard has an assigned RSO. RSO assignments are documented in Attachment A of the *Identification and Verification of Reliability Standards Procedure*. RSOs are responsible for coordinating the efforts of Subject Matter Experts to ensure:

- Reliability Standard Audit Worksheets and associated evidence are audit-ready at all times for the Reliability Standards for which have they have been assigned. Reference the *RSAW Procedure* (ICP Appendix B) for detailed guidance.
- Risk Assessments and Internal Control Evaluations are completed and provided to the Compliance team whenever requested. Reference the *Compliance Risk Assessment Procedure* (ICP Appendix D) and the *Compliance Internal Control Evaluation Procedure* (ICP Appendix E) for detailed guidance.

Internal Control Owners

Internal Control Owners (ICO) are Directors that are responsible for:

- Ensuring maintenance and testing of internal controls occurs as described in the *Compliance Internal Control Evaluation Procedure* (ICP Appendix E)

Identified internal controls, ICOs and SMEs (primary and secondary) accountable for Internal Control Evaluations, maintenance and testing is documented in the *Compliance Risk and Internal Control Register* (ICP Attachment J).

Subject Matter Experts (SME)

All SMEs are responsible for assisting in developing and implementing plans, processes, policies, procedures, work practices and technologies that contribute to facilitation of Peak's compliance with NERC Reliability Standards and WECC Regional Reliability Standards and requirements. SME duties include, but are not limited to the following:

- Provide technical expertise in their respective compliance focus area to satisfy compliance requirements

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

- Contributing to and reviewing RSAWs. Reference the *RSAW Procedure* (ICP Appendix B) for detailed guidance.
- Assist with internal and/or external assessments as required
- Assist with performance of Risk Assessments. Reference the *Compliance Risk Assessment Procedure* (ICP Appendix D) for detailed guidance.
- Assisting with developing, documenting, monitoring and testing internal controls as required. Reference the *Compliance Internal Control Evaluation Procedure* (ICP Appendix E) for detailed guidance.
- Assisting with compliance reporting to WECC, NERC and FERC as required

All Employees, Contractors and Vendors

All Peak employees, contractors and vendors are responsible to collaboratively contribute to the development and implementation of plans, processes, procedures, policies, work practices and technologies that aid in facilitating Peak’s compliance with the mandatory NERC Reliability Standards and the WECC Regional Reliability Standards requirements applicable to the RC registered function. All Peak employee, contractor and vendor duties include, but are not limited to the following:

- Day-to-day implementation of policies and procedures in relation to reliability standard compliance
- Assisting with internal assessments as required
- Assisting with external assessments as required

Compliance Event Review Committee

The Director of Compliance will establish, convene and chair a Compliance Event Review Committee (“Committee”) when an instance of potential noncompliance has been identified. In addition to the Director of Compliance, Committee members may include Peak’s Leadership team, Compliance team, Subject Matter Experts and/or anyone determined to be required by the Committee chair.

The Committee utilizes the *Compliance Assessment Procedure* (ICP Appendix I) to determine if an actual or potential instance of noncompliance exists and will make the final determination to self-report or otherwise resolve the instance of potential noncompliance.

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

IV. Risk Assessment and Internal Controls

A risk assessment will be performed annually at minimum but whenever required. Some reasons to perform a risk assessment other than annually include organizational changes, compliance violations (potential or confirmed), and changes to reliability standards. Upon completion of a risk assessment, risks are prioritized and documented within the *Compliance Risk and Internal Control Register* (ICP Attachment J).

The risk assessment results will inform the need to develop, implement, monitor and test internal controls. Following an Internal Control Evaluation, internal controls are documented in the *Compliance Risk and Internal Control Register* (ICP Attachment J).

Reference the *Compliance Risk Assessment* and *Compliance Internal Control Evaluation Procedure* documents for detailed guidance (ICP Appendix D and E, respectively).

V. Performance Targets

Peak promotes a culture of compliance that is defined as Peak employees, contractors and vendors adhering to the laws, rules, regulations and policies applicable to the organization by performing the following:

- Demonstrating that compliance is everyone’s responsibility
- Championing compliance both internally and externally
- Demonstrating that compliance is inseparable from everything we do
- Demonstrating accountability for our actions
- Raising issues quickly and to the appropriate level in the organization

This ICP is an important dimension of Peak’s commitment to a culture of compliance that is focused on compliance with NERC Reliability Standards and WECC Regional Reliability Standards. Peak promotes compliance by including measurable compliance targets and internal controls designed to address reliability risks and ensure reliability through compliance including, but not limited to:

- Periodic review of internal controls such as procedures and policies to ensure that risks to reliability are identified and that controls are in place to mitigate or eliminate identified risks
- On-time self-certification
- On-time submittal of all required reports and periodic data
- Preparation for internal and external audits or assessments
- Prompt response to enforcement authority actions
- Proactive identification of instances of potential noncompliance

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

- Timely response (Self-report and mitigation plan) to instances of potential noncompliance
- External industry participation in compliance program best practices
- Daily Scorecard¹: The Operations, Engineering and Information Technology teams meet regularly to report and evaluate actual previous day performance to established goals.

VI. Communication

The Leadership team is committed to taking all necessary steps to effectively communicate mandatory standards and applicable procedures to Peak employees, contractors and vendors.

Compliance information and issues are communicated to Peak employees, and if applicable, to contractors and vendors through company newsletters, emails, EMS SharePoint, employee meetings and targeted compliance training. Additionally, Peak compliance plans, processes, procedures, policies and guidelines are available to Peak employees and if applicable, to contractors and vendors in EMS SharePoint.

VII. Recognizing a Culture of Compliance

Peak will recognize individuals and teams for demonstrating unique or extraordinary ways of promoting a culture of high ethics and reliability compliance. Peak’s Leadership team may reward individuals or teams when appropriate for extraordinary commitment to Peak’s culture of compliance.

VIII. Disciplinary Action for Non-Compliance

Failure to fulfill compliance responsibilities is not acceptable as it negatively impacts the reliability of the Bulk Electric System. Individuals may be subject to disciplinary action up to and including termination for intentional avoidance of compliance responsibilities.

IX. Compliance Open Door Policy

Peak strives to provide a work environment that encourages team members to communicate openly with Peak management about workplace issues. Peak employees, contractors and vendors are encouraged to bring compliance issues of any type to the attention of Peak management without the fear of reprisal. Peak encourages employees, contractors and vendors to seek out any member of management, as a first step, to discuss reliability compliance issues. Peak employees shall pursue the issue with the next level of Peak management, as far as needed, until resolution is achieved. Compliance team will provide

¹ Monday through Friday, excluding holidays. Meetings may be rescheduled due to operational needs.

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

updates (as available) and notify reporting personnel when Peak has determined the reported issue is resolved.

At any time, Peak employees, contractors and vendors may contact the Director of Compliance by calling 360-213-2314 and/or file a confidential and anonymous report with EthicsPoint, a third-party provider, via the www.peakrc.ethicspoint.com website or by calling 855-515-0146.

X. Education and Training

An essential element of the ICP is educating and training all Peak employees, contractors and vendors on the obligation to comply with current mandatory reliability standards and requirements. Education and training includes both initial and ongoing training on the ICP and Cyber Security as well as training on Plans, Processes and Procedures related to facilitation of Peak's reliability standard compliance. The degree of education and training understanding and comprehension is measured through a variety of ways such as quizzes, tests and surveys.

All new Peak employees, contractors and vendors undergo initial training on topics required by applicable reliability standards. Initial training includes at a minimum, review of applicable standard requirements, benefits of compliance, risks of non-compliance, the compliance open door policy and compliance disciplinary measures that are integrated into this ICP. Ongoing ICP and Cyber Security training is provided annually to all Peak employees, contractors and vendors. The training is developed and implemented by the compliance team and normally begins in March each year. Ongoing training focuses on employee, contractor and vendor responsibility to perform their assigned tasks with compliance in mind. The training also includes the risks associated with non-compliance.

The Compliance Department also provides quarterly security awareness reinforcement through a variety of methods, including but not limited to e-mails, computer based training, and informational posters in breakrooms and posted to the Security Awareness internal SharePoint site.

Compliance team personnel will, annually at a minimum or whenever required, review and update training content to ensure it is current and relevant. Reference the *Cyber Security Training Program* for detailed guidance (ICP Appendix F).

XI. Compliance Monitoring

The following compliance activities occur:

- Internal compliance audits and/or spot checks. Reference the *Internal Compliance Spot Check Procedure* (ICP Appendix G) for detailed guidance including the internal review and reporting process

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

- Risk assessments
- Compliance assessments
- Annual internal assessment of adherence to each reliability standard requirement applicable to the RC function
- External compliance audits, spot-checks, investigations, self-certifications or periodic data submittals

In each of the above cases, the Compliance team is responsible for interfacing with all applicable parties. Peak employees, contractors and vendors are expected to work collaboratively with the Compliance team to provide required information in a timely manner necessary to complete these activities.

XII. Responding to Instances of Potential Noncompliance

Peak recognizes that even an effective ICP may not prevent all instances of noncompliance. Peak utilizes the following process to respond to events where instances of potential noncompliance to reliability standards:

- If an employee, contractor or vendor suspects an instance of potential noncompliance has occurred or is occurring, he/she will promptly report it to any member of Peak’s management team. Management will then promptly report the instance of potential noncompliance to the Director of Compliance.
- Upon receiving a report of an instance of potential noncompliance, the Compliance team will promptly analyze the issue/event utilizing the *Compliance Assessment Procedure* (ICP Appendix I).
- If the Compliance team determines there is an instance of potential noncompliance as a result of the issue/event, the Director of Compliance will promptly convene a Compliance Event Review Committee.
- The Compliance Event Review Committee will utilize the *Compliance Assessment Procedure* (ICP Appendix I) to determine if an instance of potential or actual noncompliance exists.
- Detailed guidance on communication processes and mitigation plans can be found in the Compliance Assessment Procedure (ICP Appendix I)

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

XIII. Review and Approval

The signatories below have reviewed and approve this *Internal Compliance Program* document. All agree this program provides the required guidance to maintain a strong culture of compliance at Peak Reliability.

Approved: _____ Date: _____
 Marie Jordan, President & Chief Executive Officer

Approved: _____ Date: _____
 Richard Garlish, Vice-President and General Counsel

Approved: _____ Date: _____
 Scott Downey, Director of Compliance

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

XIV. Version History

Version	Date	Action	By	Change Tracking
1.0	02/14/2013	Issued for implementation	Tom Schneider	Original WECC RC/IA ICP
2.0	06/28/2013	Revised to reflect changes and necessary clarifications	Tom Schneider	Revised
3.0	09/26/2013	Revised to update and further clarify	Tom Schneider	Redline available
4.0	02/25/2014	Reviewed, updated and approved	Jared Shakespeare	Updated with new Peak template and organizational structure
5.0	04/17/2014	Reviewed, updated and approved	Jared Shakespeare	Updated with new Peak compliance hotline information. Simplified organizational chart to highlight compliance and oversight roles.
6.0	8/8/2014	Reviewed and updated	Jared Shakespeare	Title changes
7.0	12/1/2015	Reviewed and updated	Jared Shakespeare	Org chart updates
8.0	5/4/2016	Reviewed and updated	Jared Shakespeare	Approval by new Interim President and Chief Executive Officer
9.0	05/19/2017	Reviewed and updated	Scott Downey	Section III renamed Roles and Responsibilities, updated Director of Compliance duties, updated Compliance Specialist duties, added Subject Matter Expert duties, added Section IV Risk Assessment and Internal Control, Section V updated, Section VI renamed Communication, Section IX added Director of Compliance contact information, updated Section X to align with Cyber Security Training Program, Section XI and XII updated, Section XIII updated to reflect new signatories, Attachment A updated and renamed to Compliance Organizational Chart, and Table of Contents updated to reflect the addition of Attachment B-F.

Peak Reliability		
 PEAKRELIABILITY	Internal Compliance Program	Version 10.0
		Culture of Compliance

Version	Date	Action	By	Change Tracking
10.0	3/14/2018	Annual review and revision as noted in Change Tracking	Scott Downey	Documented detailed CIP Senior Manager role and responsibilities, Reliability Standard Owner, Internal Control Owner and Compliance Event Review Committee roles and responsibilities. Previously identified "Attachments" now identified as "Appendices," (A-J) Additional Appendices in this version include the Compliance Assessment Procedure, Compliance Risk and Internal Control Register and CIP Senior Manager Delegation and Rescission of Authority Process.

Appendix A: Compliance Organizational Chart

