



Compliance Audit Report Public Version

**Lumberton Power, LLC - NCR08085 and
Elizabethtown Power LLC - NCR08084
November 8-9, 2007**

**Confidential Information (including
Privileged and Critical Energy Infrastructure
Information) – Has Been Removed**

November 26, 2007

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EXECUTIVE SUMMARY

Lumberton Power, LLC and Elizabethtown Power LLC were audited on November 8 and 9, 2007 for compliance to the requirements contained in the NERC Reliability Standards that are currently enforceable and apply to the Lumberton Power, LLC and Elizabethtown Power LLC's operation as currently registered, Generator Owner, Generator Operator and Purchasing-Selling Entity (PSE). This audit focused on documents and other evidence provided to SERC by the staff of Lumberton Power, LLC and Elizabethtown Power LLC. The findings of the audit are based on the state of compliance at the time of the audit, and do not reflect past compliance activities or activities that will be completed in the future.

The audit was conducted by asking Lumberton Power, LLC and Elizabethtown Power LLC staff to show valid evidence of meeting each and every individual requirement and sub-requirement contained in the 13 standards that had been previously identified by SERC to Lumberton Power, LLC and Elizabethtown Power LLC as subject to this audit per a "Details of Compliance Audit" letter. Lumberton Power, LLC and Elizabethtown Power LLC staff responded by providing evidence in the form of reports, procedures, studies, and other documents. Lumberton Power, LLC and Elizabethtown Power LLC staff would then cite specific portions of the evidence that demonstrated compliance. This evidence and the citations were documented and evaluated by the audit team for the level of compliance and agreement with the requirement. If all of the requirements and sub-requirements of an audited standard were met, then Lumberton Power, LLC and Elizabethtown Power LLC were judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then Lumberton Power, LLC and Elizabethtown Power LLC were judged to have a possible violation of the standard. In other words, only a score of 100% is identified as compliant; 99% and below is a possible violation.

Lumberton Power, LLC and Elizabethtown Power LLC were found to be in compliance with NERC Reliability Standards IRO-001-1, VAR-001-1, PRC-004-1 and TOP-003-0. The audit team identified possible violations of the following NERC Reliability Standards:

- PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing, Requirement 1. Maintenance and testing intervals, their basis, and a summary of maintenance and testing procedures were not specifically identified by Lumberton Power, LLC and Elizabethtown Power LLC in any documentation presented. However, documentation of maintenance and testing indicates that Lumberton Power, LLC and Elizabethtown Power LLC is performing, or contracting to perform, the required maintenance and testing in conjunction with a maintenance program for these systems. The audit team has identified this possible violation as a documentation only issue.
- CIP-001-1 – Sabotage Reporting Requirement 1, 2, 3, and 4. Lumberton Power, LLC and Elizabethtown Power LLC personnel do not have a formal sabotage notification and responses procedure.
- TOP-005-1 – Operational Reliability Information Requirement 4. Lumberton Power, LLC and Elizabethtown Power LLC are registered as a Purchasing-Selling Entity. Lumberton Power, LLC and Elizabethtown Power LLC staff stated they do not do what this requirement requires. They claim that they registered incorrectly and are not a Purchasing-Selling Entity. If they became un-registered as a Purchasing-Selling Entity, this standard would not apply as currently written.

- FAC-008-1 – Facilities Ratings Methodology Requirement 1. Lumberton Power, LLC and Elizabethtown Power LLC were unable to find the documentation of a formal Facility Ratings Methodology being established at the plants inception, or following any major plant modification, to support a compliant facilities rating. The staff stated that there were no changes to the plant ratings since its inception. Given the itinerant merchant nature of these facilities, this is assessed by the team as a documentation only issue.
- FAC-009-1 – Establish and Communicate Facility Ratings Requirement 1. Lumberton Power, LLC and Elizabethtown Power LLC were unable to find documentation of a formal rating developed using a formal rating methodology. The staff stated that there were no changes to the plant ratings since its inception, and that the initial informal rating of the plants' capabilities was still used. Given the itinerant merchant nature of these facilities, this is assessed by the team as a documentation only issue.
- IRO-004-1 – Reliability Coordination – Operations Planning Requirement 4. Lumberton Power, LLC and Elizabethtown Power LLC do communicate the plants daily availability during periods of generation operation in connection with the daily selling of energy. However, there is not any documentation that states this will be done by a certain time each day that the requirement states.

Three NERC Reliability Standards EOP-009, PRC-016 and PRC-017 were applicable to Lumberton Power, LLC and Elizabethtown Power LLC but not assessed as described in the findings section of this report

Lumberton Power, LLC and Elizabethtown Power LLC's staff indicated that they have a lot to learn about compliance with the NERC Standards and are looking forward to attending any type of training on this subject

The possible compliance violations will be processed through the SERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will be through that process.

AUDIT PROCESS

Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently and objectively review Lumberton Power, LLC and Elizabethtown Power LLC compliance with the requirements of the reliability standards that are applicable to Lumberton Power, LLC and Elizabethtown Power LLC based on the Lumberton Power, LLC and Elizabethtown Power LLC functions in the bulk electric system as determined by SERC.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Validate compliance with applicable reliability standards from the NERC 2007 Implementation Plan list of actively monitored standards

Scope

The scope of the audit of Lumberton Power, LLC and Elizabethtown Power LLC was to look at all Generator Owner, Generator Operator and Purchasing-Selling Entity related standards that are in the NERC 2007 Compliance Monitoring and Enforcement Plan. Of the 21 standards that apply to Lumberton Power, LLC and Elizabethtown Power LLC 13 were selected for review in this audit. Of these 13 standards 3 standards were not assessed EOP-009, PRC-016 and PRC-017; see findings table below.

Note: For the 2007 compliance program, the monitoring period for the compliance audit will be the past 12 months or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

Methodology

The audit was conducted by reviewing all of the standards that apply to Lumberton Power, LLC and Elizabethtown Power LLC in the NERC 2007 Enforcement Plan. These standards were grouped and scheduled during the day to make the most efficient use of Lumberton Power, LLC and Elizabethtown Power LLC staff's time. The Lumberton Power, LLC and Elizabethtown Power LLC staff had been briefed on the standards that were to be addressed so that documentation and evidence of compliance could be assembled.

A team of auditors was identified and conducted the audit of Lumberton Power, LLC and Elizabethtown Power LLC. The audit team had a moderator who would initiate dialogue on each standard requirement, request compliance evidence, and document the evidence and Lumberton Power, LLC and Elizabethtown Power LLC staff response. This was done by asking Lumberton Power, LLC and Elizabethtown Power LLC staff to show valid evidence of meeting each and every individual requirement and sub-requirement contained in the 13 standards that had been previously identified by SERC to Lumberton Power, LLC and Elizabethtown Power LLC as subject to this audit. Lumberton Power, LLC and Elizabethtown Power LLC staff responded by providing evidence in the form of reports, procedures, studies, and other documents. Lumberton Power, LLC and Elizabethtown Power LLC staff would then cite specific portions of the evidence that demonstrated compliance. This evidence and the citations were documented by the scribe on the Reliability Standard Audit Worksheet (RSAW) and evaluated by the audit team for the level of compliance and agreement with the requirement. Discrepancies between the requirement and the evidence provided were the subject of dialogue among the team members and Lumberton Power, LLC and Elizabethtown Power LLC staff members until it could be agreed that each requirement was met by the cited evidence or other evidence offered. If it was felt that, after all evidence had been presented and discussed, that Lumberton Power, LLC and Elizabethtown Power LLC did not have sufficient evidence to support a finding of compliance, a possible violation would be identified by the team and the Lumberton Power, LLC and Elizabethtown Power LLC staff would be informed.

Company Profile

Vulcan Power Group, LLC owns 100% of North Carolina Power Holdings, LLC, (NCPH) which in turns owns 100% of Elizabethtown Power, LLC and Lumberton Power, LLC. In addition, the Wood Group owns a warrant for 10% of the equity of NCPH. Elizabethtown Power, LLC and Lumberton Power, LLC each own the 35MW power plants at Elizabethtown and Lumberton respectively.

The Lumberton Plant is a 35MW coal-fired, co-generation facility consisting of two 157,000 pound per hour stoker-fired Foster Wheeler boilers and one 35-megawatt General Electric turbine/generator unit. The plant sits on 9.37 acres of land owned by NCPH. Electricity is sold to the PJM system through transfers of power, initially along lines owned by Progress Energy, Inc. Coal is delivered by rail to an unloading facility two miles from the plant in Lumberton and then trucked to the plant by a local trucking firm, Universal Transloaders. A local provider of disposal service, Energy By-Products, handles the disposal of the boiler fly ash, while Fay Block in Fayetteville, NC recycles the bottom ash to concrete blocks.

The Lumberton Plant began commercial operations in December 1985.

The Elizabethtown Plant is a 35MW coal-fired co-generation facility consisting of two 157,000 pound per hour stoker-fired Foster Wheeler boilers and one 35-megawatt General Electric turbine/generator unit. Steam is supplied to an onsite water distillery for the City of Elizabethtown and is provided as required. Electricity is sold to the PJM power grid and is delivered via lines owned by Progress Energy, Inc. Coal is delivered by rail to an unloading facility in Lumberton and then trucked to the plant by Universal Transloaders. A local provider of disposal service, Energy By-Products handles the disposal of the boiler fly ash while Fay Block recycles the bottom ash to concrete blocks.

The Elizabethtown Plant began commercial operations in December` 1985.

Audit Specifics

The compliance audit was conducted on November 8 and 9, 2007 at the Lumberton Power, LLC and Elizabethtown Power LLC site located at Lumberton Power ,LLC plant located at 1866 Hestertown Road, Robeson County, Lumberton NC 28358.

Audit Team

Audit Team Role	Name	Title	Company
Audit Team Leader	Sam Stryker	Senior Compliance Auditor	SERC
Member	Mike Vastano	Compliance Auditor	SERC
Member	Earl Shockley	Regional Compliance Program Coordinator	NERC

AUDIT RESULTS

The audit team arrived at the Elizabethtown Power, LLC plant for a pre-audit meeting with the Lumberton Power, LLC and Elizabethtown Power, LLC contact person at 3:30 p.m., November 7, 2007. The audit team was taken on a tour of this facility and observed the plant configuration, boundaries and nameplate data. The audit team left the facility at 5:00 p.m., November 7, 2007. The audit site and time was confirmed to be at the Lumberton Facility on November 8, 2007.

The audit team arrived at the Lumberton Power, LLC plant at 7:50 a.m., November 8, 2007. The audit began at 8:15 a.m., November 8, 2007 with an opening presentation by Sam Stryker, SERC Senior Compliance Auditor and Audit Team Lead. He reviewed the NERC compliance plan for 2007 in general, and how it applied to Lumberton Power, LLC and Elizabethtown Power LLC Energy, LP specifically. He introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of Lumberton Power, LLC and Elizabethtown Power LLC staff and the quality of evidence to be presented. He also covered the basic procedure for the audit, and the bounding rules of conduct. Each member of the audit team was introduced and professional affiliation identified. His presentation was followed by the introduction of the staff of Lumberton Power, LLC and Elizabethtown Power LLC and general housekeeping matters explained. At 8:30 a.m., November 8, 2007 a member of the Lumberton Power, LLC staff took the audit team lead and another member of the team on a plant tour. The team members observed the plant configuration, boundaries and name plate data of the equipment. At 9:15 a.m., November 8, 2007 the team commenced proceedings in the Lumberton Power, LLC conference room.

The audit team initially reviewed the registration status of Lumberton Power, LLC and Elizabethtown Power LLC with Lumberton Power, LLC and Elizabethtown Power LLC staff to verify application of each standard. Each standard's audit began with a recitation of each requirement and an explanation, if requested by Lumberton Power, LLC and Elizabethtown Power LLC staff. Lumberton Power, LLC and Elizabethtown Power LLC staff would then present evidence of meeting this requirement, or cite evidence in material already presented to the team. At that point, the evidence was reviewed and dialogue took place until the team reached a point of satisfaction with the evidence. Consensual approval or concern was reached on each of the requirements, and explained to Lumberton Power, LLC and Elizabethtown Power LLC staff before proceeding to the next requirement. At that point the team scribe would record the evidence presented to satisfy the requirement and the team's recommendation on that requirement using the Reliability Standard Audit Worksheet (RSAW).

After completing a review of all applicable requirements in the standard, the overall compliance to that standard was reviewed first by the team and Lumberton Power, LLC and Elizabethtown Power LLC staff, and then by the Audit Team Leader. Any concerns or dissention with the recommendation was offered, and the audit team leader would indicate support or disagreement with the recommendation. Dialogue would ensue to the point of decision on the part of the Audit Team Leader. Following this review, the RSAW would be updated by the scribe with the compliance recommendation.

The audit team left the Lumberton Power, LLC facility at 5:00 p.m., November 8, 2007 to return the next day November 9, 2007 in order to finish the audit.

The audit team arrived at the Lumberton Power, LLC plant at 7:50 a.m., November 9, 2007 to continue the audit of Lumberton Power, LLC and Elizabethtown Power LLC.

The review of all applicable standards was completed at around 8:10 a.m., November 9, 2007 and the audit team met to review and discuss the findings. Following these discussions, the scribe collected all notes and evidence as needed and began to finalize the Reliability Standard Audit Worksheet (RSAW). The Audit Team Leader began to develop the Exit Briefing with the help of all team members by using a projector, which the audit team lead provided, attached to his laptop computer. This facilitated the consensus of the full team on the content of the Exit Briefing, and re-affirmed the findings.

The Exit Briefing was presented to the assembled Audit Team and Lumberton Power, LLC and Elizabethtown Power LLC staff at around 9:00 a.m., November 9, 2007 and was followed by an informal response and questions from the Lumberton Power, LLC and Elizabethtown Power LLC staff. The Audit Team Leader solicited both informal comments from Lumberton Power, LLC and Elizabethtown Power LLC staff, along with requesting that they fill out formal feedback forms for submission to SERC. The audit team left the Lumberton Power, LLC and Elizabethtown Power LLC meeting room at around 9:30 a.m., November 9, 2007.

Findings

Reliability Standard	Auditor Notes	Finding
BAL-001-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA	NA
BAL-002-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, RSG or RRO	NA
BAL-003-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA	NA

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<p>CIP-001-1</p>	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Requirement 1 states the following: Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC personnel do not have a formal sabotage notification and responses procedure.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 1 and determined that it was a documentation only issue.</p> <p>Requirement 2 states the following: Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the interconnection.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC personnel do not have a formal sabotage notification and responses procedure.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 2 and determined that it was a documentation only issue.</p> <p>Requirement 3 states the following: Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC personnel do not have a formal sabotage notification and responses procedure.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 3 and determined that it was a documentation only issue.</p> <p>Requirement 4 states the following: Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian</p>	<p>Possible Violation</p>
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	<p>Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC had identified a contact number for the FBI but have not established communication as the standard requires.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 4.</p>	
CIP-002-1 through CIP-009-1	Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered, but not covered in this audit	NA
COM-001-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA,TO or RC	NA
EOP-001-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, TOP	NA
EOP-003-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, TOP	NA
EOP-005-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, TOP	NA
EOP-006-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not an RC	NA
EOP-008-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, TOP or RC	NA
EOP-009-0	Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered. However Lumberton Power, LLC and Elizabethtown Power LLC is not a blackstart plant and is not in the region's blackstart plan, thus this standard was not assessed.	Not Assessed
FAC-003-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a RRO,TO	NA

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FAC-008-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Requirement 1 states following: The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC were unable to find the documentation of Facility Ratings and Methodology being done at the plants to support a facilities rating. The staff stated that this was done at the plants inception however there were no changes to the plant ratings since its inception.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 1 and determined that it was a documentation only issue.</p> <p>Regarding requirements 2 and 3, there have not been any requests of Lumberton Power, LLC and Elizabethtown Power LLC for inspection and technical review of facility rating methodology by Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated. Requirement 2 and 3 are event driven.</p>	Possible Violation
FAC-009-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Requirement 1 states the following: The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC were unable to find the documentation of Facility Ratings and Methodology being done at the plants to support a facilities rating. The staff stated that this was done at the plants inception; however, there were no changes to the plant ratings since its inception.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 1 and determined that it was a documentation only issue.</p> <p>Regarding requirements 2, there have not been any requests of Lumberton Power, LLC and Elizabethtown Power LLC for facility ratings. The plant description sheet has the ratings of all the plant assets. With the evidence provided the audit team found Lumberton Power, LLC and Elizabethtown Power LLC compliant with requirement 2.</p>	Possible Violation

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IRO-001-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered since Lumberton Power, LLC and Elizabethtown Power LLC is not a Reliability Coordinator or an Regional Reliability Organization requirement 8 is the only requirement applicable to Lumberton Power, LLC and Elizabethtown Power LLC.</p> <p>Regarding requirement 3 Lumberton Power, LLC and Elizabethtown Power LLC had not had any directives from their Reliability Coordinator.</p> <p>Regarding requirement 8 Lumberton Power, LLC and Elizabethtown Power LLC provided evidence in the form of the document entitled contract with CP&L and FERC tariff sheet.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC had not had any directives from their Reliability Coordinator.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC was found by the audit team to meet all standard requirements through the evidence provided.</p>	Compliant
IRO-004-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered since Lumberton Power, LLC and Elizabethtown Power LLC is not a Reliability Coordinator requirement 4 was the only requirement applicable to Lumberton Power, LLC and Elizabethtown Power LLC.</p> <p>Requirement 4 states the following: Each Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load-Serving Entity in the Reliability Coordinator Area shall provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions. This information shall be available by 12:00 Central Standard Time for the Eastern Interconnection and 12:00 Pacific Standard Time for the Western Interconnection.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC does communicate the plants daily availability; however, there is not any documentation that states this will be done by a certain time each day that the requirement states.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 4 and determined that it was a documentation only issue.</p>	Possible Violation
IRO-014-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a RC	NA
IRO-015-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a RC	NA
IRO-016-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a RC	NA
PER-002-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA or TOP	NA

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PER-003-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a BA, TOP or RC	NA
PER-004-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a RC	NA
PRC-004-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered. Requirement 1 is not applicable to a Generator Owner. Regarding requirement 2 Lumberton Power, LLC and Elizabethtown Power LLC E provided evidence in the form of the documents entitled</p> <p>Regarding Requirement 2 and 3 Lumberton Power, LLC and Elizabethtown Power LLC provided evidence in the form of the documents entitled Total Load Rejection (Loss of Station Service) Procedure Doc number UP-356. There were not any trips in this station on the Lumberton and Elizabethtown side since June 18, 2007.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC Energy were found by the audit team to meet all standard requirements through the evidence provided.</p>	Compliant
PRC-005-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Requirement 1 states the following: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the bulk electric system. The program shall include: R1.1. Maintenance and testing intervals and their basis. R1.2. Summary of maintenance and testing procedures.</p> <p>Maintenance and testing intervals, their basis, and a summary of maintenance and testing procedures were not specifically stated by Lumberton Power, LLC and Elizabethtown Power LLC in any documentation presented. However, documentation of maintenance and testing indicates that Lumberton Power, LLC and Elizabethtown Power LLC is performing the required maintenance and testing in conjunction with a maintenance program for these systems.</p> <p>Due to the evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 1 and determined that it was a documentation only issue.</p> <p>Regarding requirement 2 Lumberton Power, LLC and Elizabethtown Power LLC provided evidence in the form of the documents of testing from outside services for testing batteries and relays as noted in the Reliability Standard Audit Worksheet (RSAW).</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC Energy were found by the audit team to meet NERC reliability standard requirement 2 through the evidence provided.</p>	Possible Violation

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PRC-008-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TO or DP	NA
PRC-010-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TO, DP, LSE or TOP	NA
PRC-011-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TO or DP	NA
PRC-016-0	Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered. However, it was verified that Lumberton Power, LLC and Elizabethtown Power LLC does not have an SPS, thus this standard was not assessed.	Not Assessed
PRC-017-0	Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered. However, it was verified that Lumberton Power, LLC and Elizabethtown Power LLC does not have an SPS, thus this standard was not assessed.	Not Assessed
PRC-021-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TO or DP	NA
TOP-003-0	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Regarding requirement 1 - Not applicable to Lumberton Power, LLC and Elizabethtown Power LLC. The audit team determined by inspection the Generator is rated for approximately 35 MW and the step up transformer is less than 50 MW.</p> <p>Regarding requirement 2 - Lumberton Power, LLC and Elizabethtown Power LLC provided evidence in the form of the document of an e-mail showing notice of Elizabethtown Power outage schedule dated 11/08/07.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC Energy were found by the audit team to meet NERC Reliability Standard requirement 2 through the evidence provided.</p> <p>Regarding requirement 3 Lumberton Power, LLC and Elizabethtown Power LLC have Electro Mechanical Relays and do not have telemetering. Therefore this requirement is not applicable to Lumberton Power, LLC and Elizabethtown Power LLC.</p> <p>Regarding requirement 4 Lumberton Power, LLC and Elizabethtown Power LLC had not had any scheduling conflicts that the Reliability Coordinator had to resolve.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC Energy were found by the audit team to meet NERC Reliability Standard requirement 4 through the evidence provided.</p>	Compliant
TOP-004-1	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TOP	NA

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TOP-005-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered.</p> <p>Regarding to requirements 1, 2 and 3 these requirements are not applicable to Lumberton Power, LLC and Elizabethtown Power LLC.</p> <p>Requirement 4 states the following: Each Purchasing-Selling Entity shall provide information as requested by its Host Balancing Authorities and Transmission Operators to enable them to conduct operational reliability assessments and coordinate reliable operations.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC are registered as a Purchasing-Selling Entity. Lumberton Power, LLC and Elizabethtown Power LLC staff stated they do not do what this requirement requires due to the fact that they claim that they registered incorrectly and are not a Purchasing-Selling Entity.</p> <p>Due to the lack of evidence provided, the audit team unanimously found Lumberton Power, LLC and Elizabethtown Power LLC in possible violation of requirement 4 due to their registration at the time of the audit.</p>	Possible Violation
TOP-007-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a TOP or RC	NA
TPL-001-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a PA or TPL	NA
TPL-002-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a PA or TPL	NA
TPL-003-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a PA or TPL	NA
TPL-004-0	Not Applicable – Lumberton Power, LLC and Elizabethtown Power LLC is not a PA or TPL	NA
VAR-001-1	<p>Applies to Lumberton Power, LLC and Elizabethtown Power LLC as currently registered since not a Transmission Operator requirement 5 was the only requirement applicable to Lumberton Power, LLC and Elizabethtown Power LLC. The evidence presented show that Lumberton Power, LLC and Elizabethtown Power LLC have not been contacted by the Transmission Operator to change tap settings. They also provided reactive support as noted in the operator log book on 2/15/07.</p> <p>Lumberton Power, LLC and Elizabethtown Power LLC were found by the audit team to meet NERC reliability standard requirement 5 through the evidence provided.</p>	Compliant

Conclusions

Lumberton Power, LLC and Elizabethtown Power LLC were found to be in compliance with NERC Reliability Standards IRO-001-1, VAR-001-1, PRC-004-1 and TOP-003-0. The audit team identified possible violations of the following NERC Reliability Standards:

- PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing, Requirement 1. Maintenance and testing intervals, their basis, and a summary of

maintenance and testing procedures were not specifically stated in by Lumberton Power, LLC and Elizabethtown Power LLC's in any documentation presented. However, documentation of maintenance and testing indicates that Lumberton Power, LLC and Elizabethtown Power LLC is performing or contracting the required maintenance and testing in conjunction with a maintenance program for these systems. The audit team has identified this possible violation as a documentation only issue.

- CIP-001-1 – Sabotage Reporting Requirement 1, 2, 3, and 4. Lumberton Power, LLC and Elizabethtown Power LLC personnel do not have a formal sabotage notification and responses procedure.
- TOP-005-1 – Operational Reliability Information Requirement 4. Lumberton Power, LLC and Elizabethtown Power LLC are registered as a Purchasing-Selling Entity. Lumberton Power, LLC and Elizabethtown Power LLC staff stated due to the fact that they claim that they registered incorrectly and are not a Purchasing-Selling Entity. This standard does not currently to entities registered as only a Generator Owner or Generator Operator.
- FAC-008-1 – Facilities. Ratings Methodology Requirement 1. Lumberton Power, LLC and Elizabethtown Power LLC were unable to find the documentation of Facility Ratings and Methodology being done at the plants inception to support a facilities rating methodology. The staff stated that there were no changes to the plant ratings since its inception. Given the itinerant merchant nature of these facilities, this is assessed by the team as a documentation only issue
- FAC-009-1 – Establish and Communicate Facility Ratings Requirement 1. Lumberton Power, LLC and Elizabethtown Power LLC were unable to find documentation of this being done at the plants inception to support a facilities rating methodology. The staff stated that there were no changes to the plant ratings since its inception. Given the itinerant merchant nature of these facilities, this is assessed by the team as a documentation only issue.
- IRO-004-1 – Reliability Coordination – Operations Planning Requirement 4. Lumberton Power, LLC and Elizabethtown Power LLC do communicate the plants daily availability; however, there is not any documentation that states this will be done by a certain time each day as the requirement states.

Three NERC Reliability Standards EOP-009, PRC-016 and PRC-017 were applicable to Lumberton Power, LLC and Elizabethtown Power LLC but not assessed as described in the findings section of this report.

The possible compliance violation along with this compliance audit report will be provided to the SERC compliance staff for processing through the NERC CMEP. Any further actions related to possible compliance violations will be through that process.

In the opinion of the audit team, the Lumberton Power, LLC and Elizabethtown Power LLC's staff were not totally prepared for the audit.

The Lumberton Power, LLC and Elizabethtown Power LLC's staff indicated that they have a lot to learn about compliance regarding the NERC Standards and they are looking forward to attending any type of training on this subject.

SUMMARY OF LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC ENERGY RESPONSE TO THE AUDIT FINDINGS

Management of Elizabethtown Power, LLC and Lumberton Power, LLC have reviewed the Elizabethtown and Lumberton Audit Report November 8-9, 2007 Draft for Entity Review, and we are in agreement with your findings therein with one exception, standard TOP-005-1 (Operational Reliability Information) which applies to Purchasing-Selling Entities.

Elizabethtown Power, LLC and Lumberton Power, LLC were mistakenly registered as Purchasing-Selling Entity and we are taking the necessary steps to deregister Elizabethtown Power, LLC and Lumberton Power, LLC from the Purchasing-Selling Entity functional model. Also, we're working with representatives of the SERC Compliance Enforcement group on mitigation plans needed for the possible violations cited in the draft report. We anticipate full mitigation in the time frame noted on our report.

APPENDIX 1 — APPLICABLE RELIABILITY STANDARDS

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
BAL-001-0	All	Real Power Balancing Control Performance	BA	To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time.	The data that supports the calculation of CPS1 and CPS2 (Attachment 1-BAL-001-0) are to be retained in electronic form for at least a one-year period. If the CPS1 and CPS2 data for a Balancing Authority Area are undergoing a review to address a question that has been raised regarding the data, the data are to be saved beyond the normal retention period until the question is formally resolved. Each Balancing Authority shall retain for a rolling 12-month period the values of: one-minute average ACE (ACEi), one-minute average Frequency Error, and, if using variable bias, one-minute average Frequency Bias.	No
BAL-002-0	All	Disturbance Control Performance	BA, RSG, RRO	To ensure the Balancing Authority is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits.	Compliance for DCS will be evaluated for each reporting period. Reset is one calendar quarter without a violation. The data that support the calculation of DCS are to be retained in electronic form for at least a one-year period.	No

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
BAL-003-0	All	Frequency Response and Bias	BA	This standard provides a consistent method for calculating the Frequency Bias component of ACE.	Yearly or by request.	No
CIP-001-1	All	Sabotage Reporting	RC, BA, TOP, GOP, LSE	Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.	By request and any events in the last year.	Yes
CIP-002-1 through CIP-009-1	All	Critical Infrastructure Protection Standards	BA, GO, GOP, IA, LSE, NERC, RC, RRO, TO, TOP, TSP	Cyber Security Standards- Follow revised Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1	By request.	Yes
COM-001-1	R2 and R5	Telecommunications	TO, BA, RC, NERCNet User Organizations.	Each Reliability Coordinator, Transmission Operator and Balancing Authority needs adequate and reliable telecommunications facilities internally and with others for the exchange of Interconnection and operating information necessary to maintain reliability.	By request.	No

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
EOP-001-0	All	Emergency Operations Planning	BA, TOP	Each Transmission Operator and Balancing Authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies. These plans need to be coordinated with other Transmission Operators and Balancing Authorities, and the Reliability Coordinator.	By request.	No
EOP-003-1	All	Load Shedding Plans	BA, TOP	A Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.	R1, R5, R6 - Event Driven. Has an event occurred in the past year? R2, R3, R4, R7, R8 – By request	No
EOP-005-1	All	System Restoration Plans	BA, TOP	To ensure plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system	By request. Note: entity must follow the timelines specified in the standard: show that the plan is reviewed annually; simulation or testing must be done every five years.	No
EOP-006-1	All	Reliability Coordination – System Restoration	RC	The Reliability Coordinator must have a coordinating role in system restoration to ensure reliability is maintained during restoration and priority is placed on restoring the Interconnection.	By request.	No

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
EOP-008-0	All	Plans for Loss of Control Center Functionality	BA, RC, TOP	Each reliability entity must have a plan to continue reliability operations in the event its control center becomes inoperable.	By request.	No
EOP-009-0	All	Documentation of Blackstart Generating Unit Test Results	GO, GOP	To ensure that the quantity and location of system blackstart generators are sufficient and that they can perform their expected functions.	By request. Note entity must meet testing frequency specified in EOP-007-0.	Yes
FAC-003-1	All	Vegetation Management	RRO, TO	To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines.	By request – program documentation and last four quarterly outage reports.	No
FAC-008-1	All	Facility Ratings Methodology	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology	By request the current methodology and any superseded portions of the methodology within the past 12 months.	Yes
FAC-009-1	All	Establish and Communicate Facility Ratings	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.	By request.	Yes

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
IRO-001-1	All	Reliability Coordination – Responsibilities and Authorities	BA, GOP, LSE, PSE, RC, RRO, TOP, TSP	Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.	By request.	Yes
IRO-004-1	All	Reliability Coordination — Operations Planning	BA, GO, GOP, LSE, RC, TO, TOP, TSP	Each Reliability Coordinator must conduct next-day reliability analyses for its Reliability Coordinator Area to ensure the Bulk Electric System can be operated reliably in anticipated normal and Contingency conditions.	By request.	Yes

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
IRO-014-1	All	Procedures, Processes, or Plans to Support Coordination Between Reliability Coordinators	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	By request.	No
IRO-015-1	All	Notifications and Information Exchange Between Reliability Coordinators	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	Rolling 12 months of information provided on request.	No
IRO-016-1	All	Coordination of Real-time Activities Between Reliability Coordinators	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas.	Rolling 12 months of information provided on request.	No
PER-002-0	All	Operating Personnel Training	BA, TOP	Each Transmission Operator and Balancing Authority must provide their personnel with a coordinated training program that will ensure reliable system operation.	By request training program and training records.	No
PER-003-0	All	Operating Personnel Credentials	BA, RC, TOP	Certification of operating personnel is necessary to ensure minimum competencies for operating a reliable Bulk Electric System.	By request latest certification information and present calendar year plus previous calendar year staffing plan.	No

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
PER-004-1	All	Reliability Coordination — Staffing	RC	Reliability Coordinators must have sufficient, competent staff to perform the Reliability Coordinator functions.	By request – Each Reliability Coordinator shall keep evidence of compliance for the previous two calendar years plus the current year.	No
PRC-004-1	All	Analysis and Mitigation of Transmission and Generation Protection System Misoperations	DP*, GO, TO	Provide trip operation/misoperation information per regional process.	By request – last 12 months of protection system Misoperation analysis.	Yes
PRC-005-1	All	Transmission and Generation Protection System Maintenance and Testing	DP*, GO, TO	Document/implement transmission protection system maintenance/testing/monitoring PROGRAM	By request – maintenance and testing program and testing records to show that testing intervals are on schedule.	Yes
PRC-008-0	All	Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program	DP, TO	Document/implement UFLS maintenance/testing PROGRAM	By request – maintenance and testing program and testing records to show that testing intervals are on schedule.	No

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Critical Energy Infrastructure Information) – Has Been Removed

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
PRC-010-0	All	Technical Assessment of the Design and Effectiveness of Undervoltage Load Shedding Program.	DP, LSE, TO, TOP	ASSESS design and effectiveness of UVLS programs	By request – current assessment.	No
PRC-011-0	All	UVLS System Maintenance and Testing	DP, TO	Document/implement UVLS maintenance/testing PROGRAM	By request – maintenance and testing program and testing records to show that testing intervals are on schedule.	No
PRC-016-0	All	Special Protection System Misoperations	DP, GO, TO	DOCUMENT/analyze misoperations	By request – last 12 months of special protection system Misoperation analysis.	Yes
PRC-017-0	All	Special Protection System Maintenance and Testing	DP, GO, TO	Document/implement SPS maintenance/ testing PROGRAM	By request – maintenance and testing program and testing records to show that testing intervals are on schedule.	Yes
PRC-021-1	All	Under-Voltage Load Shedding Program Data	DP, TO	DOCUMENTATION of undervoltage load shedding program	By request – latest UVLS data.	No
TOP-003-0	All	Planned Outage Coordination	BA, GOP, RC, TOP	Scheduled generator and transmission outages that may affect the reliability of interconnected operations must be planned and coordinated among Balancing Authorities, Transmission Operators, and Reliability Coordinators.	By request.	Yes

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
TOP-004-1	R6	Transmission Operations	TOP	To ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies.	By request – Each Transmission Operator shall keep 90 days of historical data for Measure 1. Each Transmission Operator shall have current, in-force policies and procedures, as evidence of compliance to Measure 2.	No
TOP-005-1	All	Operational Reliability Information	BA, PSE, RC, TOP	To ensure reliability entities have the operating data needed to monitor system conditions within their areas.	By request.	Yes
TOP-007-0	All	Reporting System Operating Limit (SOL) and Interconnection Reliability	RC, TOP	Ensure SOL and IROL violations are being reported to the Reliability Coordinator so that the Reliability Coordinator may evaluate actions being taken and direct additional corrective actions as needed.	Event driven.	No
TPL-001-0	All	System Performance Under Normal (No Contingency) Conditions	PA, TPL	System performance under normal conditions	By request – latest annual assessment.	No
TPL-002-0	All	System Performance Following Loss of a Single Bulk Electric System Element	PA, TPL	System performance under single contingency	By request – latest annual assessment.	No

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Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to LUMBERTON POWER, LLC AND ELIZABETHTOWN POWER, LLC? Yes or No
TPL-003-0	All	System Performance Following Loss of Two or More Bulk Electric System Elements	PA, TPL	System performance under multiple contingencies	By request – latest annual assessment.	No
TPL-004-0	All	System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements	PA, TPL	System performance under extreme contingencies	By request – latest annual assessment.	No
VAR-001-1	All	Voltage and Reactive Control	PSE, TOP	To ensure voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real time to protect equipment and the reliable operation of the Interconnection.	By request – last 12 months of data.	Yes

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-224
Entity N.C. Power Holdings, Inc. - Elizabethtow
Audit Date 11/9/2007
Standard CIP-001-1
Requirement R1, R2, R3, R4

Sufficient Basis for Violation

Factual Basis The entity was not able to provide the audit team with evidence of a procedure that addresses the entity's sabotage events.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team with evidence of a sabotage reporting procedure, the entity is found in violation of R1, R2, R3 and R4.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Elizabethtown Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700074.7

NOC Number NOC-48

NOP Number NOP-34

FERC Docket Number NP08-28-000

Determination Summary for Possible Violations Identified in an Audit

<i>Regional Tracking Number</i>	<u>07-225</u>
<i>Entity</i>	<u>N.C. Power Holdings, Inc. - Elizabethtow</u>
<i>Audit Date</i>	<u>11/9/2007</u>
<i>Standard</i>	<u>IRO-004-1</u>
<i>Requirement</i>	<u>R4</u>
<i>Sufficient Basis for Violation</i>	<input checked="" type="checkbox"/>
<i>Factual Basis</i>	Entity is notifying the TOP, approximately 1600 hours the day before, on the unit status and dispatch schedule.
<i>Conclusion Violation Summary</i>	The Entity is notifying the TOP at 1600 hours the day prior, which is after the 1200 hours deadline as required by the standard. Therefore the entity is found in violation of R4.
<i>NERC BOTCC Determination</i>	The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Elizabethtown Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.
<i>NERC Violation Number</i>	<u>SERC200700067</u>
<i>NOC Number</i>	<u>NOC-48</u>
<i>NOP Number</i>	<u>NOP-34</u>
<i>FERC Docket Number</i>	<u>NP08-28-000</u>

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-226
Entity N.C. Power Holdings, Inc. - Elizabethtow
Audit Date 11/9/2007
Standard PRC-005-1
Requirement R1

Sufficient Basis for Violation

Factual Basis The Entity was not able to provide the audit team with a specific maintenance schedule for the relays and batteries.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team with evidence of a maintenance plan and schedule, the entity is found in violation of R1.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Elizabethtown Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700078

NOC Number NOC-48

NOP Number NOP-34

FERC Docket Number NP08-28-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-228
Entity N.C. Power Holdings, Inc. - Lumberton P
Audit Date 11/9/2007
Standard CIP-001-1
Requirement R1, R2, R3, R4

Sufficient Basis for Violation

Factual Basis The entity was not able to provide the audit team with evidence of a procedure that addresses the entity's sabotage events.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team with evidence of a sabotage reporting procedure, the entity is found in violation of R1, R2, R3 and R4.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Lumberton Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700079.8

NOC Number NOC-49

NOP Number NOP-35

FERC Docket Number NP08-31-000

Determination Summary for Possible Violations Identified in an Audit

<i>Regional Tracking Number</i>	<u>07-229</u>
<i>Entity</i>	<u>N.C. Power Holdings, Inc. - Lumberton P</u>
<i>Audit Date</i>	<u>11/9/2007</u>
<i>Standard</i>	<u>IRO-004-1</u>
<i>Requirement</i>	<u>R4</u>
<i>Sufficient Basis for Violation</i>	<input checked="" type="checkbox"/>
<i>Factual Basis</i>	Entity is notifying the TOP, approximately 1600 hours the day before, on the unit status and dispatch schedule.
<i>Conclusion Violation Summary</i>	The entity is notifying the TOP at 1600 hours the day prior, which is after the 1200 hours deadline as required by the standard. Therefore the entity is found in violation of R4.
<i>NERC BOTCC Determination</i>	The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Lumberton Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

<i>NERC Violation Number</i>	<u>SERC200700068</u>
<i>NOC Number</i>	<u>NOC-49</u>
<i>NOP Number</i>	<u>NOP-35</u>
<i>FERC Docket Number</i>	<u>NP08-31-000</u>

Determination Summary for Possible Violations Identified in an Audit

<i>Regional Tracking Number</i>	<u>07-230</u>
<i>Entity</i>	<u>N.C. Power Holdings, Inc. - Lumberton P</u>
<i>Audit Date</i>	<u>11/9/2007</u>
<i>Standard</i>	<u>PRC-005-1</u>
<i>Requirement</i>	<u>R1</u>
<i>Sufficient Basis for Violation</i>	<input checked="" type="checkbox"/>
<i>Factual Basis</i>	The entity was not able to provide the audit team with a specific maintenance schedule for the relays and batteries.
<i>Conclusion Violation Summary</i>	Due to the fact that the entity was not able to provide the audit team with evidence of a maintenance plan and schedule, the entity is found in violation of R1.
<i>NERC BOTCC Determination</i>	The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Lumberton Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.
<i>NERC Violation Number</i>	<u>SERC200700083</u>
<i>NOC Number</i>	<u>NOC-49</u>
<i>NOP Number</i>	<u>NOP-35</u>
<i>FERC Docket Number</i>	<u>NP08-31-000</u>

Determination Summary for Possible Violations Identified in an Audit

<i>Regional Tracking Number</i>	<u>07-232</u>
<i>Entity</i>	<u>N.C. Power Holdings, Inc. - Elizabethtow</u>
<i>Audit Date</i>	<u>11/9/2007</u>
<i>Standard</i>	<u>FAC-008-1</u>
<i>Requirement</i>	<u>R1</u>
<i>Sufficient Basis for Violation</i>	<input checked="" type="checkbox"/>
<i>Factual Basis</i>	The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility rating methodology.
<i>Conclusion Violation Summary</i>	Due to the fact that the entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings methodology, the entity is found in violation of R1.
<i>NERC BOTCC Determination</i>	The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Elizabethtown Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.
<i>NERC Violation Number</i>	<u>SERC200700084</u>
<i>NOC Number</i>	<u>NOC-48</u>
<i>NOP Number</i>	<u>NOP-34</u>
<i>FERC Docket Number</i>	<u>NP08-28-000</u>

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-233
Entity N.C. Power Holdings, Inc. - Elizabethtow
Audit Date 11/9/2007
Standard FAC-009-1
Requirement R1

Sufficient Basis for Violation

Factual Basis The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings that were consistent with the entity's facility rating methodology.
The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility rating methodology.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings that were consistent with the entities facility rating methodology, the entity is found in violation of R1.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Elizabethtown Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700085

NOC Number NOC-48

NOP Number NOP-34

FERC Docket Number NP08-28-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-234
Entity N.C. Power Holdings, Inc. - Lumberton P
Audit Date 11/9/2007
Standard FAC-008-1
Requirement R1

Sufficient Basis for Violation

Factual Basis The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility rating methodology.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings methodology, the entity is found in violation of R1.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Lumberton Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700086

NOC Number NOC-49

NOP Number NOP-35

FERC Docket Number NP08-31-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 07-235
Entity N.C. Power Holdings, Inc. - Lumberton P
Audit Date 11/9/2007
Standard FAC-009-1
Requirement R1

Sufficient Basis for Violation

Factual Basis The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings that were consistent with the entity's facility rating methodology.
The Entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility rating methodology.

Conclusion Violation Summary Due to the fact that the entity was not able to provide the audit team, the required entities nor the Compliance Enforcement staff its facility ratings that were consistent with the entities facility rating methodology, the entity is found in violation of R1.

NERC BOTCC Determination The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Lumberton Power, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

NERC Violation Number SERC200700087

NOC Number NOC-49

NOP Number NOP-35

FERC Docket Number NP08-31-000