



Compliance Audit Report Public Version

**SUEZ Energy Marketing, Hopewell
Cogeneration Limited Partnership, Hot
Spring Power Company LLC, Choctaw Gas
Generation LLC, Choctaw Generation
Limited Partnership (Red Hills Power
Plant)**

**NCR00626, NCR01256, NCR01257,
NCR10207, NCR10206**

April 15-16, 2008

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

June 5, 2008

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EXECUTIVE SUMMARY

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

SUEZ Energy Marketing NA (SEMNA) and SUEZ Energy Generation NA (SEGNA) which consists of Hopewell Cogeneration Limited Partnership, Hot Spring Power Company LLC, Choctaw Gas Generation LLC, and Choctaw Generation Limited Partnership (Red Hills Power Plant), were audited on April 15-16, 2008 for compliance with the requirements contained in the current mandatory and enforceable Reliability Standards in the 2008 NERC Compliance Monitoring and Enforcement Program (CMEP) that are applicable to SEMNA and SEGNA registered functions. SEGNA entities, which include Hopewell Cogeneration Limited Partnership, Hot Spring Power Company LLC, Choctaw Gas Generation LLC, and Choctaw Generation Limited Partnership are registered with SERC Reliability Corporation (SERC) as a Generator Operator (GOP) and Generator Owner (GO). SEMNA is registered with SERC as a Purchasing-Selling Entity (PSE). Of the 29 standards identified as being applicable to SEMNA and SEGNA, 20 standards were selected and identified to SEMNA and SEGNA as subject to review during this audit. The audit focused on documents and other evidence provided to SERC by the staff of SEMNA and SEGNA, and did not include any evidence obtained through system observation or inspection. The findings of the audit are based on the state of compliance and current mitigation activity at the time of the audit, and do not reflect past compliance activities or activities that will be completed in the future.

SEMNA and SEGNA staff were requested to provide valid evidence of meeting each and every applicable requirement and sub-requirement contained in each standard that had been previously identified by SERC Compliance staff to SEMNA and SEGNA as subject to this audit. SEMNA and SEGNA staff responded by providing evidence in the form of reports, procedures, studies, and other documents. SEMNA and SEGNA staff then cited specific portions of the evidence that demonstrated compliance. This evidence and the citations were documented and evaluated by the audit team to assess the level of compliance. If all of the requirements and sub-requirements of an audited standard were met, then SEMNA and SEGNA were judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then SEMNA and SEGNA were judged to have a possible violation of the standard. A score of 100% is required for compliance.

The audit team determined that SEMNA and SEGNA does not own or operate Special Protection Systems, do not perform Dynamic Interchange Schedules or use Dynamic Interchange Tags, and are not part of SERC's Blackstart Plan; therefore; six of the standards applicable to SEMNA and SEGNA were not assessed. These standards are EOP-009-0, INT-001-2, INT-004-1, IRO-005-1, PRC-016-0, and PRC-017-0.

SEGNA Generator Choctaw Generation Limited Partnership (Red Hills Power Plant) has a pending mitigation plan regarding NERC Reliability Standard PRC-004-1 requirement R3 that is currently in process. The audit team reviewed the status of this pending mitigation plan.

SEMNA was found to be in compliance with all of the standards that were audited.

SEGNA was found to be in compliance with all but three of the standards that were audited. The audit team identified possible violations of NERC Reliability Standards CIP-001-1 R4, FAC-008-

1 R1, R2 and FAC-009-1 R1, R2. SEGNA Generators Hopewell Cogeneration Limited Partnership, Hot Spring Power Company LLC, Choctaw Gas Generation LLC, and Choctaw Generation Limited Partnership (Red Hills Power Plant) were assessed possible violations for gaps in their compliance documentation. SEMNA was found to be in compliance as a PSE.

This audit report includes information about how far SEGNA Generators missed the requirements for the possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the SERC CMEP. Any further actions related to possible compliance violations will be through that process.

AUDIT PROCESS

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

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 review SEMNA and SEGNA compliance with the requirements of the reliability standards that are applicable to SEMNA and SEGNA based on the SEMNA and SEGNA registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document SEMNA and SEGNA compliance culture.

Scope

The scope of the audit of SEMNA and SEGNA included all monitored standards that are in the NERC 2008 CMEP. Based on the confirmed registration of SEMNA and SEGNA, the 20 Reliability Standards previously identified were the focus of the compliance audit. Of these 20 standards, 6 standards; EOP-009-0, INT-001-2, INT-004-1, IRO-005-1, PRC-016-0, and PRC-017-0 were not assessed. This is detailed in the Audit Results section.

Note: For the 2008 compliance program, the monitoring period for the compliance audit will generally 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.

Confidentiality and Conflict of Interest

Code of conduct documentation for the NERC representative and regional entity staff were provided to SEMNA and SEGNA in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to SEMNA and SEGNA upon request. SERC has confirmed that confidentiality agreements have been executed by, and are

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

on file for SERC Industry Volunteers. SEMNA and SEGNA were given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. SEMNA and SEGNA accepted the audit team member participants with no objections.

On-site Audit

SEMNA and SEGNA were contacted by letter on October 21, 2007 SERC staff. The letter provided SEMNA and SEGNA with their initial notification of their upcoming audit in 2008, and the desire to schedule audit dates that would be acceptable to both parties. SERC staff then provided formal acknowledgement of the scheduled audit dates, requested that SEMNA and SEGNA both verify their currently registered functions, complete and return an attached Pre-Audit Survey within 30 days.

On January 31, 2008, SERC staff forwarded an Audit Detail Letter to SEMNA and SEGNA again, confirming the scheduled audit dates and confirming SEMNA and SEGNA's registered functions within SERC. The Audit Detail Letter also provided SEMNA and SEGNA with notice of the Standards in Audit Scope, Proposed Audit Schedule, Audit Team Roster (with industry affiliations), and requested that SEMNA and SEGNA Subject Matter Experts (SMEs) responsible for and knowledgeable of compliance submittals be available for interview during the audit. In addition to the Audit Detail Letter, SEMNA and SEGNA were provided with a Non-Disclosure Agreement Signature Verification for audit team members, a Pre-Audit Questionnaire, a list of Documents to be Provided or Have Available, and Reliability Standard Auditor Worksheets (RSAWs) for each standard to be audited.

Interviews with SMEs were requested, in conjunction with documented evidence, to provide the audit team with additional information or clarification as a basis for professional judgment when validating compliance with reliability standards.

Methodology

A team of auditors and SMEs were identified and conducted the audit of SEMNA and SEGNA. The standards were grouped and scheduled for review to make the most efficient use of SEMNA and SEGNA staff's time. The audit team moderator Steve Gibe initiated dialogue on each standard requirement and requested compliance evidence. This evidence and SEMNA and SEGNA staff's response was documented. SEMNA and SEGNA staff were requested to show valid evidence of meeting each applicable requirement and sub-requirement contained in the 20 standards that had been previously identified by SERC to SEMNA and SEGNA as subject to this audit. SEMNA and SEGNA staff responded by providing evidence in the form of reports, procedures, studies, and other documents. SEMNA and SEGNA staff would then cite specific portions of the evidence that demonstrated compliance.

This evidence and the citations were documented by the scribe on the RSAWs 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 SEMNA and SEGNA staff members until it was determined that each requirement was met by the cited evidence or other evidence offered.

Once all the evidence was presented and discussed, if SEMNA and SEGNA did not provide sufficient evidence to support a finding of compliance, then a possible violation was identified by the team and SEMNA and SEGNA staff were informed.

Audit Overview

The audit team arrived at the SEMNA and SEGNA offices at 2:45 p.m., April 14, 2008. Each member of the audit team was introduced and professional affiliation identified. A brief presentation covering the background of SEMNA and SEGNA and its compliance activities took place. The staff of SEMNA and SEGNA was introduced, and general housekeeping matters explained. The staff of SEMNA and SEGNA was excused and the audit team reviewed team assignments and a general overview for preparation of the audit activities starting on the next day.

The audit team arrived at the SEMNA and SEGNA offices at 7:50 a.m., April 15, 2008. At 8:04 a.m., April 15, 2008 Steve Gibe, Senior Compliance Auditor and Audit Team Lead (ATL) began the session with an opening presentation. He reviewed the NERC compliance plan for 2008 in general, and how it applied to SEMNA and SEGNA specifically. The ATL introduced and reviewed the standards to be covered in the audit, and addressed both the expectations of SEMNA and SEGNA staff and the quality of evidence to be presented. The ATL also covered the basic procedure for the audit, and the bounding rules of conduct. At 8:26 a.m., SEMNA and SEGNA staff presented an overview and organizational background related to their operation.

Audit

The audit team initially reviewed the registration status of SEMNA and SEGNA with entity staff to verify applicability of each standard. Each standard's audit began with a recitation of each requirement. SEMNA and SEGNA staff then presented evidence supporting requirement compliance, or cited evidence previously provided to the audit team. At that point, the evidence was reviewed and discussed until the team reached agreement on the evidence. By audit team consensus, a determination of compliance was reached for each of the requirements, and communicated to SEMNA and SEGNA 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 RSAW.

The review of all applicable standards was completed at approximately 4:00 p.m., April 16, 2008 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 RSAW.

Exit Briefing

The ATL presented an exit briefing to the assembled audit team and entity staff at 4:57 p.m., April 16, 2008. This was followed by an informal response and questions from the SEMNA and SEGNA staff. The exit briefing summarized the team preliminary conclusions, including any items of potential noncompliance or possible violation with supporting information, areas of concern, any added information required and the expected timeline for review and issuance of the audit report.

The ATL solicited both informal comments from SEMNA and SEGNA staff, along with requesting that they fill out formal feedback forms for submission to NERC and SERC.

The audit team left the SEMNA and SEGNA meeting room at 5:45 p.m., April 16, 2008.

Company Profile

SUEZ Energy North America, Inc. (SENA) is a business unit of SUEZ Energy International, the business division of SUEZ and a global energy and services business. Its core business is electricity and gas, including the generation of electricity, trading, transport, and distribution of

electricity and gas, and sale of electricity. SENA offers fully coordinated services, covering energy and industrial services, engineering and technical installations.

SUEZ Energy International, headquartered in Brussels, is the fifth largest independent power producer in the world and the fifth largest European electricity producer. The company has more than 70,000 employees, and branches or projects in over 100 countries.

SUEZ Energy North America is based in Houston, Texas, and is comprised of several business units. Through these subsidiaries, the company is involved in the development, acquisition, generation, trading, marketing, and distribution of electricity and natural gas and the importation, and storage of liquefied natural gas (LNG).

SUEZ Energy Generation NA, Inc. (SEGNA) is the business unit of SUEZ Energy North America responsible for managing the company's power operations in the United States, Canada, and Mexico. SEGNA operates Generator Owner (GO) and Generator Operators (GOP) Choctaw Generation Limited Partnership, Choctaw Gas Generation, LLC, both located in Mississippi; Hopewell Cogeneration, L.P., located in Virginia; and Hot Spring Power Company LLC, located in Arkansas. All of the GO and GOP's are located within the SERC Region.

SUEZ Energy Marketing NA (SEMNA) is the business unit of SUEZ Energy North America responsible for managing wholesale commodity price risks across SUEZ Energy North America's portfolio of merchant generation, LNG, and retail power contact assets. SEMNA is registered as a Purchasing-Selling Entity (PSE) and manages dispatch and power sales for Choctaw Gas Generation, LLC and Hot Spring Power Company LLC located in the SERC Region.

Audit Specifics

The compliance audit was conducted on April 15-16, 2008 at the SEMNA and SEGNA Corporate offices in Houston, Texas.

Audit Team

| Audit Team Role | Title | Company |
|------------------------|---------------------------|----------------|
| Audit Team Leader | Senior Compliance Auditor | SERC |
| Member | Compliance Auditor | SERC |
| Member | Senior Compliance Auditor | SERC |

SEMNA and SEGNA Audit Participants Title and Organization

| Title | SEMNA and SEGNA Organization |
|--------------|-------------------------------------|
| VP | Merchant Facilities SUEZ |
| Director | Market Policy SUEZ |
| Director | Gas Fuel Generation SUEZ |
| Director | Operations SUEZ |
| Manager | Plant, SUEZ |
| Specialist | Process, SUEZ |
| Manager | Production Support, SUEZ |
| Consultant | Aegix |

| Title | SEMNA and SEGNA Organization |
|--------------|-------------------------------------|
| Consultant | Aegix |
| Consultant | Aegix |
| Director | Engineering SUEZ |

AUDIT RESULTS

The audit team found SEMNA to be in compliance with all of the NERC Reliability Standards in the audit scope, and SEGNA to be in compliance with all of the NERC Reliability Standards in the audit scope, with the exception of possible violations of NERC Reliability Standards CIP-001-1 R4, FAC-008-1 R1, R2 and FAC-009-1 R1, R2 – Please see Findings Table below.

Findings

| Reliability Standard | Requirement | Finding |
|-----------------------------|--------------------|----------------|
| BAL-001-0 | R1. | Not Applicable |
| BAL-001-0 | R2. | Not Applicable |
| BAL-001-0 | R3. | Not Applicable |
| BAL-001-0 | R4. | Not Applicable |
| BAL-002-0 | R1. | Not Applicable |
| BAL-002-0 | R2. | Not Applicable |
| BAL-002-0 | R3. | Not Applicable |
| BAL-002-0 | R4. | Not Applicable |
| BAL-002-0 | R5. | Not Applicable |
| BAL-002-0 | R6. | Not Applicable |
| BAL-003-0 | R1. | Not Applicable |
| BAL-003-0 | R2. | Not Applicable |
| BAL-003-0 | R3. | Not Applicable |
| BAL-003-0 | R4. | Not Applicable |
| BAL-003-0 | R5. | Not Applicable |
| BAL-003-0 | R6. | Not Applicable |
| BAL-004-0 | R1. | Not Applicable |
| BAL-004-0 | R2. | Not Applicable |
| BAL-004-0 | R3. | Not Applicable |
| BAL-004-0 | R4. | Not Applicable |
| BAL-005-0 | R1. | Compliant |
| BAL-005-0 | R2. | Not Applicable |
| BAL-005-0 | R3. | Not Applicable |
| BAL-005-0 | R4. | Not Applicable |
| BAL-005-0 | R5. | Not Applicable |
| BAL-005-0 | R6. | Not Applicable |
| BAL-005-0 | R7. | Not Applicable |
| BAL-005-0 | R8. | Not Applicable |
| BAL-005-0 | R9. | Not Applicable |
| BAL-005-0 | R10. | Not Applicable |
| BAL-005-0 | R11. | Not Applicable |
| BAL-005-0 | R12. | Not Applicable |
| BAL-005-0 | R13. | Not Applicable |
| BAL-005-0 | R14. | Not Applicable |

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

| Reliability Standard | Requirement | Finding |
|--------------------------------|--------------------|--------------------|
| BAL-005-0 | R15. | Not Applicable |
| BAL-005-0 | R16. | Not Applicable |
| BAL-005-0 | R17. | Not Applicable |
| BAL-006-1 | R1. | Not Applicable |
| BAL-006-1 | R2. | Not Applicable |
| BAL-006-1 | R3. | Not Applicable |
| BAL-006-1 | R4. | Not Applicable |
| BAL-006-1 | R5. | Not Applicable |
| CIP-001-1 | R1. | Compliant |
| CIP-001-1 | R2. | Compliant |
| CIP-001-1 | R3. | Compliant |
| CIP-001-1 | R4. | Possible Violation |
| CIP-002-1 through CIP-009-1 | | Not Assessed |
| COM-001-1 | R1. | Not Applicable |
| COM-001-1 | R2. | Not Applicable |
| COM-001-1 | R3. | Not Applicable |
| COM-001-1 | R4. | Not Applicable |
| COM-001-1 | R5. | Not Applicable |
| COM-001-1 | R6. | Not Applicable |
| COM-002-2 | R1. | Compliant |
| COM-002-2 | R2. | Not Applicable |
| EOP-001-0 | R1. | Not Applicable |
| EOP-001-0 | R2. | Not Applicable |
| EOP-001-0 | R3. | Not Applicable |
| EOP-001-0 | R4. | Not Applicable |
| EOP-001-0 | R5. | Not Applicable |
| EOP-001-0 | R6. | Not Applicable |
| EOP-001-0 | R7. | Not Applicable |
| EOP-002-2 | R1. | Not Applicable |
| EOP-002-2 | R2. | Not Applicable |
| EOP-002-2 | R3. | Not Applicable |
| EOP-002-2 | R4. | Not Applicable |
| EOP-002-2 | R5. | Not Applicable |
| EOP-002-2 | R6. | Not Applicable |
| EOP-002-2 | R7. | Not Applicable |
| EOP-002-2 | R8. | Not Applicable |
| EOP-002-2 | R9. | Not Applicable |
| EOP-003-1 | R1. | Not Applicable |
| EOP-003-1 | R2. | Not Applicable |
| EOP-003-1 | R3. | Not Applicable |
| EOP-003-1 | R4. | Not Applicable |
| EOP-003-1 | R5. | Not Applicable |
| EOP-003-1 | R6. | Not Applicable |
| EOP-003-1 | R7. | Not Applicable |
| EOP-003-1 | R8. | Not Applicable |
| EOP-004-1 | R1. | Not Applicable |
| EOP-004-1 | R2. | Compliant |

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| Reliability Standard | Requirement | Finding |
|-----------------------------|--------------------|--------------------|
| EOP-004-1 | R3. | Compliant |
| EOP-004-1 | R4. | Not Applicable |
| EOP-004-1 | R5. | Not Applicable |
| EOP-005-1 | R1. | Not Applicable |
| EOP-005-1 | R2. | Not Applicable |
| EOP-005-1 | R3. | Not Applicable |
| EOP-005-1 | R4. | Not Applicable |
| EOP-005-1 | R5. | Not Applicable |
| EOP-005-1 | R6. | Not Applicable |
| EOP-005-1 | R7. | Not Applicable |
| EOP-005-1 | R8. | Not Applicable |
| EOP-005-1 | R9. | Not Applicable |
| EOP-005-1 | R10. | Not Applicable |
| EOP-005-1 | R11. | Not Applicable |
| EOP-006-1 | R1. | Not Applicable |
| EOP-006-1 | R2. | Not Applicable |
| EOP-006-1 | R3. | Not Applicable |
| EOP-006-1 | R4. | Not Applicable |
| EOP-006-1 | R5. | Not Applicable |
| EOP-006-1 | R6. | Not Applicable |
| EOP-008-0 | R1. | Not Applicable |
| EOP-009-0 | R1. | Not Assessed |
| EOP-009-0 | R2. | Not Assessed |
| FAC-003-1 | R1. | Not Applicable |
| FAC-003-1 | R2. | Not Applicable |
| FAC-003-1 | R3. | Not Applicable |
| FAC-003-1 | R4. | Not Applicable |
| FAC-008-1 | R1. | Possible Violation |
| FAC-008-1 | R2. | Possible Violation |
| FAC-008-1 | R3. | Compliant |
| FAC-009-1 | R1. | Possible Violation |
| FAC-009-1 | R2. | Possible Violation |
| FAC-013-1 | R1. | Not Applicable |
| FAC-013-1 | R2. | Not Applicable |
| INT-001-2 | R1. | Not Assessed |
| INT-001-2 | R2. | Not Assessed |
| INT-003-2 | R1. | Not Applicable |
| INT-004-1 | R1. | Not Assessed |
| INT-004-1 | R2. | Not Assessed |
| IRO-001-1 | R1. | Not Applicable |
| IRO-001-1 | R2. | Not Applicable |
| IRO-001-1 | R3. | Not Applicable |
| IRO-001-1 | R4. | Not Applicable |
| IRO-001-1 | R5. | Not Applicable |
| IRO-001-1 | R6. | Not Applicable |
| IRO-001-1 | R7. | Not Applicable |
| IRO-001-1 | R8. | Compliant |
| IRO-001-1 | R9. | Not Applicable |

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| Reliability Standard | Requirement | Finding |
|-----------------------------|--------------------|----------------|
| IRO-003-2 | R1. | Not Applicable |
| IRO-003-2 | R2. | Not Applicable |
| IRO-004-1 | R1. | Not Applicable |
| IRO-004-1 | R2. | Not Applicable |
| IRO-004-1 | R3. | Not Applicable |
| IRO-004-1 | R4. | Compliant |
| IRO-004-1 | R5. | Not Applicable |
| IRO-004-1 | R6. | Not Applicable |
| IRO-004-1 | R7. | Not Applicable |
| IRO-005-1 | R1. | Not Applicable |
| IRO-005-1 | R2. | Not Applicable |
| IRO-005-1 | R3. | Not Applicable |
| IRO-005-1 | R4. | Not Applicable |
| IRO-005-1 | R5. | Not Applicable |
| IRO-005-1 | R6. | Not Applicable |
| IRO-005-1 | R7. | Not Applicable |
| IRO-005-1 | R8. | Not Applicable |
| IRO-005-1 | R9. | Not Applicable |
| IRO-005-1 | R10. | Not Applicable |
| IRO-005-1 | R11. | Not Applicable |
| IRO-005-1 | R12. | Not Applicable |
| IRO-005-1 | R13. | Not Assessed |
| IRO-005-1 | R14. | Not Applicable |
| IRO-005-1 | R15. | Not Applicable |
| IRO-005-1 | R16. | Not Applicable |
| IRO-005-1 | R17. | Not Applicable |
| IRO-006-3 | R1. | Not Applicable |
| IRO-006-3 | R2. | Not Applicable |
| IRO-006-3 | R3. | Not Applicable |
| IRO-006-3 | R4. | Not Applicable |
| IRO-006-3 | R5. | Not Applicable |
| IRO-006-3 | R6. | Not Applicable |
| IRO-014-1 | R1. | Not Applicable |
| IRO-014-1 | R2. | Not Applicable |
| IRO-014-1 | R3. | Not Applicable |
| IRO-014-1 | R4. | Not Applicable |
| IRO-015-1 | R1. | Not Applicable |
| IRO-015-1 | R2. | Not Applicable |
| IRO-015-1 | R3. | Not Applicable |
| IRO-016-1 | R1. | Not Applicable |
| IRO-016-1 | R2. | Not Applicable |
| PER-002-0 | R1. | Not Applicable |
| PER-002-0 | R2. | Not Applicable |
| PER-002-0 | R3. | Not Applicable |
| PER-002-0 | R4. | Not Applicable |
| PER-003-0 | R1. | Not Applicable |
| PER-004-1 | R1. | Not Applicable |
| PER-004-1 | R2. | Not Applicable |

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| Reliability Standard | Requirement | Finding |
|-----------------------------|--------------------|----------------|
| PER-004-1 | R3. | Not Applicable |
| PER-004-1 | R4. | Not Applicable |
| PER-004-1 | R5. | Not Applicable |
| PRC-004-1 | R1. | Not Applicable |
| PRC-004-1 | R2. | Compliant |
| PRC-004-1 | R3. | Compliant |
| PRC-005-1 | R1. | Compliant |
| PRC-005-1 | R2. | Compliant |
| PRC-008-0 | R1. | Not Applicable |
| PRC-008-0 | R2. | Not Applicable |
| PRC-010-0 | R1. | Not Applicable |
| PRC-010-0 | R2. | Not Applicable |
| PRC-011-0 | R1. | Not Applicable |
| PRC-011-0 | R2. | Not Applicable |
| PRC-016-0 | R1. | Not Assessed |
| PRC-016-0 | R2. | Not Assessed |
| PRC-016-0 | R3. | Not Assessed |
| PRC-017-0 | R1. | Not Assessed |
| PRC-017-0 | R2. | Not Assessed |
| PRC-021-1 | R1. | Not Applicable |
| PRC-021-1 | R2. | Not Applicable |
| TOP-002-2 | R1. | Not Applicable |
| TOP-002-2 | R2. | Not Applicable |
| TOP-002-2 | R3. | Compliant |
| TOP-002-2 | R4. | Not Applicable |
| TOP-002-2 | R5. | Not Applicable |
| TOP-002-2 | R6. | Not Applicable |
| TOP-002-2 | R7. | Not Applicable |
| TOP-002-2 | R8. | Not Applicable |
| TOP-002-2 | R9. | Not Applicable |
| TOP-002-2 | R10. | Not Applicable |
| TOP-002-2 | R11. | Not Applicable |
| TOP-002-2 | R12. | Not Applicable |
| TOP-002-2 | R13. | Compliant |
| TOP-002-2 | R14. | Compliant |
| TOP-002-2 | R15. | Compliant |
| TOP-002-2 | R16. | Not Applicable |
| TOP-002-2 | R17. | Not Applicable |
| TOP-002-2 | R18. | Compliant |
| TOP-002-2 | R19. | Not Applicable |
| TOP-003-0 | R1. | Compliant |
| TOP-003-0 | R2. | Compliant |
| TOP-003-0 | R3. | Compliant |
| TOP-003-0 | R4. | Not Applicable |
| TOP-004-1 | R1. | Not Applicable |
| TOP-004-1 | R2. | Not Applicable |
| TOP-004-1 | R3. | Not Applicable |
| TOP-004-1 | R4. | Not Applicable |

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

| Reliability Standard | Requirement | Finding |
|-----------------------------|--------------------|----------------|
| TOP-004-1 | R5. | Not Applicable |
| TOP-004-1 | R6. | Not Applicable |
| TOP-005-1 | R1. | Not Applicable |
| TOP-005-1 | R2. | Not Applicable |
| TOP-005-1 | R3. | Not Applicable |
| TOP-005-1 | R4. | Compliant |
| TOP-007-0 | R1. | Not Applicable |
| TOP-007-0 | R2. | Not Applicable |
| TOP-007-0 | R3. | Not Applicable |
| TOP-007-0 | R4. | Not Applicable |
| TPL-001-0 | R1. | Not Applicable |
| TPL-001-0 | R2. | Not Applicable |
| TPL-001-0 | R3. | Not Applicable |
| TPL-002-0 | R1. | Not Applicable |
| TPL-002-0 | R2. | Not Applicable |
| TPL-002-0 | R3. | Not Applicable |
| TPL-003-0 | R1. | Not Applicable |
| TPL-003-0 | R2. | Not Applicable |
| TPL-003-0 | R3. | Not Applicable |
| TPL-004-0 | R1. | Not Applicable |
| TPL-004-0 | R2. | Not Applicable |
| VAR-001-1 | R1. | Not Applicable |
| VAR-001-1 | R2. | Not Applicable |
| VAR-001-1 | R3. | Not Applicable |
| VAR-001-1 | R4. | Not Applicable |
| VAR-001-1 | R5. | Compliant |
| VAR-001-1 | R6. | Not Applicable |
| VAR-001-1 | R7. | Not Applicable |
| VAR-001-1 | R8. | Not Applicable |
| VAR-001-1 | R9. | Not Applicable |
| VAR-001-1 | R10. | Not Applicable |
| VAR-001-1 | R11. | Not Applicable |
| VAR-001-1 | R12. | Not Applicable |
| VAR-002-1 | R1. | Compliant |
| VAR-002-1 | R2. | Compliant |
| VAR-002-1 | R3. | Compliant |
| VAR-002-1 | R4. | Compliant |
| VAR-002-1 | R5. | Compliant |

Compliance Culture

Information regarding the compliance culture of SEMNA and SEGNA was obtained from other sources and has been documented.

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-025
Entity Hopewell Cogeneration Limited Partners
Audit Date 4/16/2008
Standard CIP-001-1
Requirement R4

Sufficient Basis for Violation

Factual Basis The Entity's CIP-001-1 procedure "SAP-014 Site Procedure Manual" has a web-site link where the sites can place the zip code or address to locate the corresponding FBI field office. The Entity also listed and verified the FBI contact number for the Hopewell facility on September 30, 2007 as indicated in their "HCF Sabotage/Tampering/Vandalism Procedure" effective October 1, 2007.

Prior to September 30, 2007 the Entity supplied evidence of an FBI contact number in their procedure "SAP-014 Site Procedure Manual" referencing a web-site "http://www.fbi.gov/contact/fo/fo.htm. " The web site in this procedure provides local FBI contact information.

The "HCF Sabotage/Tampering/Vandalism Procedure" effective October 1, 2007 provided evidence that the number was checked to verify reporting connectivity.

Conclusion Violation Summary The "HCF Sabotage/Tampering/Vandalism Procedure" effective October 1, 2007 provided evidence that the number was checked to verify reporting connectivity. With the new NERC guidance for establishing FBI contact, the web-site link provides evidence prior to this procedure that a working number could be obtained. Therefore, the Entity (Hopewell) is not in violation for a gap in establishing FBI contact from June 18, 2007 until September 30, 2007, for R4 of the CIP-001-1 Standard

NERC BOTCC Determination

NERC Violation Number SERC200800111

NOC Number NOC-081

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-026
Entity Choctaw Gas Generation, LLC
Audit Date 4/16/2008
Standard CIP-001-1
Requirement R4

Sufficient Basis for Violation

Factual Basis For the period of June 18, 2007 until January 1, 2008, the Entity supplied as evidence of an FBI contact in their procedure "SAP-014 Site Procedure Manual" that refers to a web-site "http://www.fbi.gov/contact/fo/fo.htm. " The web site in this procedure provides local FBI contact information.
The Entity used the web site from June 18, 2007 through January 1, 2008. On January 1, 2008, the Entity updated their procedures and had a general FBI contact number. On April 17, 2008, the Entity confirmed a specific local agent number to establish two-way communications.

The Section F.1.0 of the "Sabotage Reporting Procedure 2008_Choctaw_CIP-001-1R1_R4_FBI Contact _v0" effective January 1, 2008, provided evidence that a general working number was available on January 1, 2008. The web site is their evidence that a local number could be obtained from June 18, 2007 through January 1, 2008. The Entity logged an email sent to the FBI dated 3/3/08 as an attempt to confirm two-way contact and did not receive any response until a certified letter was sent to a specific agent on April 17, 2008 further confirming contact.

Conclusion Violation Summary The Section F.1.0 of the "Sabotage Reporting Procedure 2008_Choctaw_CIP-001-1R1_R4_FBI Contact _v0" effective January 1, 2008, provided evidence that a general working number was available on January 1, 2008. With the new NERC guidance for establishing FBI contact, the web-site link provides evidence prior to this procedure that a working number could be obtained. Therefore, the Entity (Choctaw Gas) is not in violation for a gap in establishing FBI contact from June 18, 2007 until January 1, 2008, for R4 of the CIP-001-1 Standard.

NERC BOTCC Determination

NERC Violation Number SERC200800112

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-027
Entity Choctaw Generation Limited Partnershi
Audit Date 4/16/2008
Standard CIP-001-1
Requirement R4

Sufficient Basis for Violation

Factual Basis For the period of June 18, 2007 until January 1, 2008, the Entity supplied as evidence of an FBI contact in their procedure "SAP-014 Site Procedure Manual" that refers to a web-site "http://www.fbi.gov/contact/fo/fo.htm. " The web site in this procedure provides local FBI contact information.
The Entity used the web site from June 18, 2007 through January 1, 2008. On January 1, 2008, the Entity updated their procedures and had a general FBI contact number. On April 17, 2008, the Entity confirmed a specific local agent number to establish two-way communications.

The Section F.1.0 of the "Sabotage Reporting Procedure 2008_Choctaw_CIP-001-1R1_R4_FBI Contact _v0" effective January 1, 2008, provided evidence that a general working number was available on January 1, 2008. The web site is their evidence that a local number could be obtained from June 18, 2007 through January 1, 2008. The Entity logged an email sent to the FBI dated 3/3/08 as an attempt to confirm two-way contact and did not receive any response until a certified letter was sent to a specific agent on April 17, 2008 further confirming contact.

The Section F.1.0 of the "Sabotage Reporting Procedure 2008_Red_Hills_CIP_001_R1 and 2008_Red Hills_CIP-001_R4" effective January 1, 2008, provided evidence that a general working number was available on January 1, 2008. The Entity logged an email sent to the FBI dated 2/13/08 as an attempt to confirm contact and did not receive any response until a certified letter was sent to a specific agent on April 17, 2008 further confirming contact.

Conclusion Violation Summary The Section F.1.0 of the "Sabotage Reporting Procedure 2008_Choctaw_CIP-001-1R1_R4_FBI Contact _v0" effective January 1, 2008, provided evidence that a general working number was available on January 1, 2008. With the new NERC guidance for establishing FBI contact, the web-site link provides evidence prior to this procedure that a working number could be obtained. Therefore, the Entity (Choctaw Red-Hills) is not in violation for a gap in establishing FBI contact from June 18, 2007 until January 1, 2008, for R4 of the CIP-001-1 Standard.

NERC BOTCC Determination

NERC Violation Number SERC200800113

NOC Number

***Determination Summary for Possible
Violations Identified in an Audit***

NOP Number

*FERC Docket
Number*

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-028
Entity Hot Spring Power Company, LLC
Audit Date 4/16/2008
Standard CIP-001-1
Requirement R4

Sufficient Basis for Violation

Factual Basis For the period of June 18, 2007 until January 8, 2008, the Entity supplied as evidence of an FBI contact in their procedure "SAP-014 Site Procedure Manual" that refers to a web-site "http://www.fbi.gov/contact/fo/fo.htm. " The web site in this procedure provides local FBI contact information.
The Entity used the web site from June 18, 2007 through November 11, 2007. On November 11, 2007, the Entity updated their procedures and had a general FBI contact number. On January 8, 2008, the Entity confirmed a specific local agent number to establish two-way communications via a certified letter.

Conclusion Violation Summary The Sabotage Reporting Procedure "Hot Spring - CIP-001 – Hot Spring - Sabotage Reporting " effective November 11, 2007, provided evidence that a general working number was available on November 11, 2007. With the new NERC guidance for establishing FBI contact, the web-site link provides evidence prior to this procedure that a working number could be obtained. The Entity further confirmed contact with a specific agent on January 8, 2008 via a certified letter. Therefore, the Entity (Hot Spring) is not in violation for a gap in establishing FBI contact from June 18, 2007 until November 11, 2007, for R4 of the CIP-001-1 Standard.

NERC BOTCC Determination In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue.
In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in common procedures and documentation; (2) the time of actual non-compliance was during 2007; (3) Hot Spring Power Company, LLC corrected its documentation in 2007; (4) Hot Spring Power Company, LLC had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; and (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

NERC Violation Number SERC200800114

NOC Number

NOP Number NP09-9-000

FERC Docket Number NP09-9-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-029
Entity Hopewell Cogeneration Limited Partners
Audit Date 4/16/2007
Standard FAC-008-1
Requirement R1

Sufficient Basis for Violation

Factual Basis

The Entity presented as evidence of its Facility Ratings Methodology a Draft Reference Book document attached to an email dated June 11 2007 referred to as FAC-008-1 Reference Book document ("Original Draft Reference Book") in the corresponding tracking folder. To determine compliance with the standard, the Audit Team and Enforcement Staff reviewed the Original Draft Reference Book. The Original Draft Reference Book's purpose is to serve as a guideline for identifying risks associated with assets and fails to define Facility Ratings as required by the standard. The Original Draft Reference Book did not contain any statements of Facility ratings methodologies.

Furthermore, the scope of the equipment in the Original Draft Reference Book does not include the elements set forth in R1: generators, generator capabilities, transmission conductors, transformers, relay protective devices, terminal equipment, or series and shunt compensation devices.

Because the Entity did not have a documented Facility Ratings Methodology until November 13, 2007, the possible violation is assessed for the period from June 18, 2007 (when the standard became enforceable) to November 13, 2007.

Conclusion Violation Summary

The Entity did not present sufficient evidence of the existence of a documented methodology for use in developing facility ratings for its facilities in accordance with FAC-008 R1 prior to its Facility Ratings Methodology Document dated November 13, 2007.

Therefore, the Entity is in violation of R1 for the period from June 18, 2007 until November 13, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the sub-requirement level of R1, rather than the "Lower" VRF assigned at the requirement level of R1, because elements of multiple sub-requirements are missing.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not having a documented Facility Ratings Methodology for use in developing facility ratings.

NERC BOTCC Determination

NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 7, 2008. The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a financial penalty of \$10,000 against Hopewell Cogeneration Limited Partnership, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged

Determination Summary for Possible Violations Identified in an Audit

violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3) Hopewell Cogeneration Limited Partnership corrected its documentation in 2007; (4) Hopewell Cogeneration Limited Partnership had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; and (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

| | |
|-------------------------------------|----------------------|
| <i>NERC Violation Number</i> | <u>SERC200800115</u> |
| <i>NOC Number</i> | <u>NOC-081</u> |
| <i>NOP Number</i> | <u>NOP-081</u> |
| <i>FERC Docket Number</i> | <u>NP09-6-000</u> |

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-030
Entity Choctaw Gas Generation, LLC
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R1

Sufficient Basis for Violation

Factual Basis

The Entity presented as evidence of its Facility Ratings Methodology a Draft Reference Book document attached to an email dated June 11 2007 referred to as FAC-008-1 Reference Book document ("Original Draft Reference Book") in the corresponding tracking folder. To determine compliance with the standard, the Audit Team and Enforcement Staff reviewed the Original Draft Reference Book. The Original Draft Reference Book's purpose is to serve as a guideline for identifying risks associated with assets and fails to define Facility Ratings as required by the standard. The Original Draft Reference Book did not contain any statements of Facility ratings methodologies.

Furthermore, the scope of the equipment in the Original Draft Reference Book does not include the elements set forth in R1: generators, generator capabilities, transmission conductors, transformers, relay protective devices, terminal equipment, or series and shunt compensation devices.

Because the Entity did not have a documented Facility Ratings Methodology until November 13, 2007, the possible violation is assessed for the period from June 18, 2007 (when the standard became enforceable) to November 13, 2007.

Conclusion Violation Summary

The Entity did not present sufficient evidence of the existence of a documented methodology for use in developing facility ratings for its facilities in accordance with FAC-008 R1 prior to its Facility Ratings Methodology Document dated November 13, 2007.

Therefore, the Entity is in violation of R1 for the period from June 18, 2007 until November 13, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the sub-requirement level of R1, rather than the "Lower" VRF assigned at the requirement level of R1, because elements of multiple sub-requirements are missing.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not having a documented Facility Ratings Methodology for use in developing facility ratings.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's determination to impose a \$10,000 penalty against Choctaw Gas Generation, LLC, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3)

Determination Summary for Possible Violations Identified in an Audit

Choctaw Gas Generation, LLC corrected its documentation in 2007; (4) Choctaw Gas Generation, LLC had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

***NERC Violation
Number*** SERC200800117

NOC Number NOC-082

NOP Number NOP-082

***FERC Docket
Number*** NP09-7-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-031
Entity Choctaw Generation Limited Partnershi
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R1

Sufficient Basis for Violation

Factual Basis

The Entity presented as evidence of its Facility Ratings Methodology a Draft Reference Book document attached to an email dated June 11 2007 referred to as FAC-008-1 Reference Book document ("Original Draft Reference Book") in the corresponding tracking folder. To determine compliance with the standard, the Audit Team and Enforcement Staff reviewed the Original Draft Reference Book. The Original Draft Reference Book's purpose is to serve as a guideline for identifying risks associated with assets and fails to define Facility Ratings as required by the standard. The Original Draft Reference Book did not contain any statements of Facility ratings methodologies.

Furthermore, the scope of the equipment in the Original Draft Reference Book does not include the elements set forth in R1: generators, generator capabilities, transmission conductors, transformers, relay protective devices, terminal equipment, or series and shunt compensation devices.

Because the Entity did not have a documented Facility Ratings Methodology until November 13, 2007, the possible violation is assessed for the period from June 18, 2007 (when the standard became enforceable) to November 13, 2007.

Conclusion Violation Summary

The Entity did not present sufficient evidence of the existence of a documented methodology for use in developing facility ratings for its facilities in accordance with FAC-008 R1 prior to its Facility Ratings Methodology Document dated November 13, 2007.

Therefore, the Entity is in violation of R1 for the period from June 18, 2007 until November 13, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the sub-requirement level of R1, rather than the "Lower" VRF assigned at the requirement level of R1, because elements of multiple sub-requirements are missing.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not having a documented Facility Ratings Methodology for use in developing facility ratings.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a \$10,000 penalty against Choctaw Generation Limited Partnership, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3)

Determination Summary for Possible Violations Identified in an Audit

Choctaw Generation Limited Partnership corrected its documentation in 2007; (4) Choctaw Generation Limited Partnership had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

NERC Violation Number SERC200800119

NOC Number NOC-083

NOP Number NOP-083

FERC Docket Number NP09-8-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-032
Entity Hot Spring Power Company, LLC
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R1

Sufficient Basis for Violation

Factual Basis

The Entity presented as evidence of its Facility Ratings Methodology a Draft Reference Book document attached to an email dated June 11 2007 referred to as FAC-008-1 Reference Book document ("Original Draft Reference Book") in the corresponding tracking folder. To determine compliance with the standard, the Audit Team and Enforcement Staff reviewed the Original Draft Reference Book. The Original Draft Reference Book's purpose is to serve as a guideline for identifying risks associated with assets and fails to define Facility Ratings as required by the standard. The Original Draft Reference Book did not contain any statements of Facility ratings methodologies.

Furthermore, the scope of the equipment in the Original Draft Reference Book does not include the elements set forth in R1: generators, generator capabilities, transmission conductors, transformers, relay protective devices, terminal equipment, or series and shunt compensation devices.

Because the Entity did not have a documented Facility Ratings Methodology until November 13, 2007, the possible violation is assessed for the period from June 18, 2007 (when the standard became enforceable) to November 13, 2007.

Conclusion Violation Summary

The Entity did not present sufficient evidence of the existence of a documented methodology for use in developing facility ratings for its facilities in accordance with FAC-008 R1 prior to its Facility Ratings Methodology Document dated November 13, 2007.

Therefore, the Entity is in violation of R1 for the period from June 18, 2007 until November 13, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the sub-requirement level of R1, rather than the "Lower" VRF assigned at the requirement level of R1, because elements of multiple sub-requirements are missing.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not having a documented Facility Ratings Methodology for use in developing facility ratings.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a \$10,000 penalty against Hot Spring Power Company, LLC, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in common procedures and documentation; (2) the time of actual non-compliance was during 2007;

Determination Summary for Possible Violations Identified in an Audit

(3) Hot Spring Power Company, LLC corrected its documentation in 2007; (4) Hot Spring Power Company, LLC had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; and (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

***NERC Violation
Number*** SERC200800121

NOC Number NOC-084

NOP Number NOP-084

***FERC Docket
Number*** NP09-9-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-033

Entity Hopewell Cogeneration Limited Partners

Audit Date 4/16/2008

Standard FAC-009-1

Requirement R1

Sufficient Basis for Violation

Factual Basis

At the compliance audit completed on April 16, 2008, the Entity failed to demonstrate that it developed Facility Ratings for its existing facilities. Therefore, the Entity as a Generator Owner, was assessed a possible violation for a gap in compliance from June 18, 2007 to December 12, 2007 for failing demonstrate that it had ratings for its existing facilities.

Entity could not provide evidence of a documented Facility Ratings Methodology based on FAC-008-1 for the period from June 18, 2007 until November 13, 2007 (see related tracking number 08-029).

Entity could not present evidence of established Facility Ratings consistent with the documented Facility Ratings Methodology prior to December 12, 2007.

The Entity documented its Facility Ratings Methodology as of November 13, 2007 and established and documented its Facility Ratings on December 12, 2007 once the documented Facility Ratings Methodology based on FAC-008-1 became available.

Conclusion Violation Summary

The entity is found in violation of FAC-009-1, R1 because Entity had not developed Facility Ratings for its existing facilities, as required by the standard, prior to December 12, 2007. The period of violation is from June 18, 2007 through December 12, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the requirement level.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not developing any Facility Ratings using any type of documented Facility Ratings Methodology.

NERC BOTCC Determination

NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 7, 2008. The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a financial penalty of \$10,000 against Hopewell Cogeneration Limited Partnership, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3) Hopewell Cogeneration Limited Partnership corrected its documentation in 2007; (4) Hopewell Cogeneration Limited Partnership had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; and (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

Determination Summary for Possible Violations Identified in an Audit

***NERC Violation
Number*** SERC200800123

NOC Number NOC-081

NOP Number NOP-081

***FERC Docket
Number*** NP09-6-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-034

Entity Choctaw Gas Generation, LLC

Audit Date 4/16/2008

Standard FAC-009-1

Requirement R1

Sufficient Basis for Violation

Factual Basis

At the compliance audit completed on April 16, 2008, the Entity failed to demonstrate that it developed Facility Ratings for its existing facilities. Therefore, the Entity as a Generator Owner, was assessed a possible violation for a gap in compliance from June 18, 2007 to December 12, 2007 for failing demonstrate that it had ratings for its existing facilities.

Entity could not provide evidence of a documented Facility Ratings Methodology based on FAC-008-1 for the period from June 18, 2007 until November 13, 2007 (see related tracking number 08-030).

Entity could not present evidence of established Facility Ratings consistent with the documented Facility Ratings Methodology prior to December 12, 2007.

The Entity documented its Facility Ratings Methodology as of November 13, 2007 and established and documented its Facility Ratings on December 12, 2007 once the documented Facility Ratings Methodology based on FAC-008-1 became available.

Conclusion Violation Summary

The entity is found in violation of FAC-009-1, R1 because Entity had not developed Facility Ratings for its existing facilities, as required by the standard, prior to December 12, 2007. The period of violation is from June 18, 2007 through December 12, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the requirement level.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not developing any Facility Ratings using any type of documented Facility Ratings Methodology.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's determination to impose a \$10,000 penalty against Choctaw Gas Generation, LLC, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3) Choctaw Gas Generation, LLC corrected its documentation in 2007; (4) Choctaw Gas Generation, LLC had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

Determination Summary for Possible Violations Identified in an Audit

***NERC Violation
Number*** SERC200800125

NOC Number NOC-082

NOP Number NOP-082

***FERC Docket
Number*** NP09-7-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-035
Entity Choctaw Generation Limited Partnershi
Audit Date 4/16/2008
Standard FAC-009-1
Requirement R1

Sufficient Basis for Violation

Factual Basis

At the compliance audit completed on April 16, 2008, the Entity failed to demonstrate that it developed Facility Ratings for its existing facilities. Therefore, the Entity as a Generator Owner, was assessed a possible violation for a gap in compliance from June 18, 2007 to December 12, 2007 for failing demonstrate that it had ratings for its existing facilities.

Entity could not provide evidence of a documented Facility Ratings Methodology based on FAC-008-1 for the period from June 18, 2007 until November 13, 2007 (see related tracking number 08-031).

Entity could not present evidence of established Facility Ratings consistent with the documented Facility Ratings Methodology prior to December 12, 2007.

The Entity documented its Facility Ratings Methodology as of November 13, 2007 and established and documented its Facility Ratings on December 12, 2007 once the documented Facility Ratings Methodology based on FAC-008-1 became available.

Conclusion Violation Summary

The entity is found in violation of FAC-009-1, R1 because Entity had not developed Facility Ratings for its existing facilities, as required by the standard, prior to December 12, 2007. The period of violation is from June 18, 2007 through December 12, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the requirement level.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not developing any Facility Ratings using any type of documented Facility Ratings Methodology.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a \$10,000 penalty against Choctaw Generation Limited Partnership, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in procedures and documentation; (2) the time of actual noncompliance was during 2007; (3) Choctaw Generation Limited Partnership corrected its documentation in 2007; (4) Choctaw Generation Limited Partnership had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

Determination Summary for Possible Violations Identified in an Audit

***NERC Violation
Number*** SERC200800127

NOC Number NOC-082

NOP Number NOP-082

***FERC Docket
Number*** NP09-8-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-036

Entity Hot Spring Power Company, LLC

Audit Date 4/16/2008

Standard FAC-009-1

Requirement R1

Sufficient Basis for Violation

Factual Basis

At the compliance audit completed on April 16, 2008, the Entity failed to demonstrate that it developed Facility Ratings for its existing facilities. Therefore, the Entity as a Generator Owner, was assessed a possible violation for a gap in compliance from June 18, 2007 to December 12, 2007 for failing demonstrate that it had ratings for its existing facilities.

Entity could not provide evidence of a documented Facility Ratings Methodology based on FAC-008-1 for the period from June 18, 2007 until November 13, 2007 (see related tracking number 08-032).

Entity could not present evidence of established Facility Ratings consistent with the documented Facility Ratings Methodology prior to December 12, 2007.

The Entity documented its Facility Ratings Methodology as of November 13, 2007 and established and documented its Facility Ratings on December 12, 2007 once the documented Facility Ratings Methodology based on FAC-008-1 became available.

Conclusion Violation Summary

The entity is found in violation of FAC-009-1, R1 because Entity had not developed Facility Ratings for its existing facilities, as required by the standard, prior to December 12, 2007. The period of violation is from June 18, 2007 through December 12, 2007.

A "Medium" VRF is assigned, consistent with the VRF Matrix at the requirement level.

A "Severe" VSL is assigned, consistent with the VSL Matrix filed with FERC on March 4, 2008, which indicates a "Severe" VSL for not developing any Facility Ratings using any type of documented Facility Ratings Methodology.

NERC BOTCC Determination

The NERC BOTCC approved the Settlement Agreement, including SERC Reliability Corporation's imposition of a \$10,000 penalty against Hot Spring Power Company, LLC, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue. In reaching this determination, NERC BOTCC considered the following factors: (1) the alleged violations reflected a deficiency in common procedures and documentation; (2) the time of actual non-compliance was during 2007; (3) Hot Spring Power Company, LLC corrected its documentation in 2007; (4) Hot Spring Power Company, LLC had self-certified in 2007 that it was in compliance with the Reliability Standards at issue, yet SERC Reliability Corporation found this was not the case as a result of an audit conducted in 2008; and (5) the sharing of its experiences and lessons learned can add value in promoting a culture of compliance among similar entities.

Determination Summary for Possible Violations Identified in an Audit

***NERC Violation
Number*** SERC200800129

NOC Number NOC-084

NOP Number NOP-084

***FERC Docket
Number*** NP09-9-000

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-037
Entity Hopewell Cogeneration Limited Partners
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings Methodology.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings Methodology for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the Entity's Facilities are located, there is insufficient basis to support a violation of R2 of FAC-008.

NERC BOTCC Determination

NERC Violation Number SERC200800116

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-038
Entity Choctaw Gas Generation, LLC
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings Methodology.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings Methodology for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the Entity's Facilities are located, there is insufficient basis to support a violation of R2 of FAC-008.

NERC BOTCC Determination

NERC Violation Number SERC200800118

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-039
Entity Choctaw Generation Limited Partnershi
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings Methodology.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings Methodology for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the Entity's Facilities are located, there is insufficient basis to support a violation of R2 of FAC-008.

NERC BOTCC Determination

NERC Violation Number SERC200800120

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-040
Entity Hot Spring Power Company, LLC
Audit Date 4/16/2008
Standard FAC-008-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings Methodology.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings Methodology for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the Entity's Facilities are located, there is insufficient basis to support a violation of R2 of FAC-008.

NERC BOTCC Determination

NERC Violation Number SERC200800122

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-042
Entity Hopewell Cogeneration Limited Partners
Audit Date 4/16/2008
Standard FAC-009-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) , there is insufficient basis to support a violation of R2 of FAC-009.

NERC BOTCC Determination

NERC Violation Number SERC200800124

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-043
Entity Choctaw Gas Generation, LLC
Audit Date 4/16/2008
Standard FAC-009-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) , there is insufficient basis to support a violation of R2 of FAC-009.

NERC BOTCC Determination

NERC Violation Number SERC200800126

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-044
Entity Choctaw Generation Limited Partnershi
Audit Date 4/16/2008
Standard FAC-009-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) , there is insufficient basis to support a violation of R2 of FAC-009.

NERC BOTCC Determination

NERC Violation Number SERC200800128

NOC Number

NOP Number

FERC Docket Number

Determination Summary for Possible Violations Identified in an Audit

Regional Tracking Number 08-045
Entity Hot Spring Power Company, LLC
Audit Date 4/16/2008
Standard FAC-009-1
Requirement R2

Sufficient Basis for Violation

Factual Basis There is no evidence that a request was made to the entity for its Facility Ratings.

Conclusion Violation Summary Since there is no evidence that the entity received a request to provide, or any report that the entity failed to provide, its Facility Ratings to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) , there is insufficient basis to support a violation of R2 of FAC-009.

NERC BOTCC Determination

NERC Violation Number SERC200800130

NOC Number

NOP Number

FERC Docket Number